Corporate Governance System

29 July 2020
Introduction to the Corporate Governance System
I. Iberdrola’s Identity and its Three Dimensions: Business, Corporate and Institutional

1. The origin of Iberdrola, S.A. ("Iberdrola" or the “Company”) goes back to 1901, when it was organised in Bilbao under the name Hidroeléctrica Ibérica, S.A. in order to meet the growing demand for electric power in the principal industrial regions of the north of Spain.

2. It is currently an international, independent company domiciled in Biscay, and listed on the securities market, which constitutes an historical, business, corporate and institutional reality of tremendous size and unquestionable value and significance, a reference point for diverse Stakeholders and the economic and social environment in which it does business.

3. Iberdrola focuses its activities on the energy sector, and heads a leading group in the production, transmission, distribution and supply of electricity, an essential item for millions of users and customers, through the use of environmentally-friendly and innovative sources and technologies, at the vanguard of the digital transformation.

4. Iberdrola directs the development of its corporate object and all its business activities to the achievement of a purpose and the realisation of its own values, which constitute its raison d’être and a synthesis of how it operates.

Iberdrola’s purpose, its raison d’être, is to continue building together each day a healthier, more accessible energy model, based on electricity, which contributes to the Sustainable Development Goals (SDGs) approved by the United Nations (especially those relating to universal access to electricity and the fight against climate change, but also to others like the promotion of innovation, the development of education, the protection of biodiversity, gender equality, the empowerment of women and special attention on less-favoured social groups), as well as respect for and protection of human rights in its sphere of conduct.

Its corporate values, namely, sustainable energy, integrating force and driving force, together with what is implicit in the above-described purpose, constitute the ideological and axiological basis of Iberdrola and its business enterprise.

5. By reaching its purpose and putting its values into practice, Iberdrola is in fact accepting the mandate expressed by its shareholders through consecutive bylaw amendments and thus stands as a business reality that transcends its nature as purely and merely a commercial company, without negating it.

It aspires to develop a comprehensive business function, to be recognised as an enterprise that is institutional, open and committed to its Stakeholders and the communities in which it has a presence, and to combine its legal legitimacy with a new social legitimacy, based on its desire to play an active part and to assume a strong leadership role in the search for sustainable progress, within the framework of the social market economy and the global society in which it operates and does business.

6. With this projection, Iberdrola conceives of the corporate interest, in its own and different way, as the common interest of all shareholders of an independent company, the holder of an institutional enterprise, focused on the creation of sustainable value, always in accordance with its purpose and distinctive values and with what they mean.

7. The integral business function that it performs means that, together with the financial dividend that is paid to its shareholders and remunerates their investment, Iberdrola also pursues the creation of social, sustainable and responsible value for all Stakeholders, groups, especially the most vulnerable, and communities affected by its activities, sharing it with them in the form of a social dividend, which is the measure of its economic, social and environmental contribution to its surroundings, to the progress of the society in which it is integrated and to the aforementioned Sustainable Development Goals.

8. Consistent with the above, Iberdrola does not identify its shareholders as mere contributors of capital, but, on the contrary, as parties interested in the corporate life in which they are involved, and even more so, as participants in its purpose and values; they are thus holders of an investment focused on proportional profits and sustainable long-term returns.

Likewise, Iberdrola promotes a framework of relations with its Stakeholders and communities in which it is rooted, based on active listening and on ongoing dialogue, on the principles of transparency and equal treatment, which also allows for these Stakeholders to participate in its purpose, its values and its business enterprise, creating strong ties that generate trust and forge a sense of belonging to and participation in a great institutional enterprise.

9. Finally, Iberdrola’s identity is also based on its Corporate Governance System, i.e. on its own internal rules, conscientiously developed as an instrument of organisation for all of its members to achieve its purpose and values, the corporate interest and the social dividend, and to guarantee its enterprise, identity and independence.

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II. The Iberdrola group

10. Iberdrola leads, as the holding company, a group of companies present in Spain, Portugal, the United Kingdom, the United States of America, Mexico and Brazil, among other countries, structured into three levels that differentiate the functions of strategy, supervision and control of the overall group (attributed to the holding company), those of organisation and coordination of the businesses of each country (corresponding to the country subholding companies), and those of day-to-day administration and effective management of each of such businesses (the purview of the head of business companies).

11. The corporate and governance structure of the Iberdrola group operates jointly with the Group’s Business Model, which allows the global integration of the businesses, seeks to achieve maximum operational efficiency of the various units, and ensures the dissemination, implementation and monitoring of the general strategy, the basic management guidelines established for each of them, and best practices.

The Group’s Business Model combines a decentralised decision-making structure, inspired by the principle of “subsidiarity”, with robust coordination mechanisms that ensure the global integration of all of the group’s businesses, above all based on an effective checks-and-balances system, which prevents management power from being centralised within a single governance body or a single person.

12. The Iberdrola group has minority shareholders not only within the holding company, but also within two of its country subholding companies: the Brazilian company Neoenergia, S.A. and the U.S. company Avangrid, Inc., which are also listed on the securities market. Within a special framework of strengthened autonomy enjoyed by these listed country subholding companies, Iberdrola ensures that the legitimate interests of the shareholders of said companies other than Iberdrola have sufficient protection and adequately co-exist with the general interests of the group and with the interests of the shareholders of the holding company.

III. Iberdrola’s Corporate Governance System

13. The Corporate Governance System constitutes the internal framework of rules for Iberdrola, configured in exercise of the corporate autonomy that the law supports, to ensure through its rules the achievement of its ends and goals, as well as the preservation of its philosophy and identity.

14. The Corporate Governance System, inspired by the Purpose and Values of the Iberdrola group, is based on the By-Laws, a body of provisions approved by the shareholders at the General Shareholders’ Meeting which represents the maximum expression of the corporate autonomy of Iberdrola and which constitutes the primary source of its internal system of rules.

The By-Laws, and particularly the preliminary title thereof, contain the purpose, the definition of Iberdrola’s enterprise, the particular concept of the corporate interest that must govern the conduct of its management bodies, the commitment to the social dividend, and the determination of the essential basis and of the most significant foundations and aspects of its business, corporate and institutional organisation, which make up its virtual soul.

15. These basic principles, and the By-Laws as a whole, are based on and should be interpreted in accordance with the provisions of the Purpose and Values of the Iberdrola group, the corporate philosophy of the group on which Iberdrola’s enterprise is based, which informs its focus and the organisation, and guides its strategy, governs the activities of all the companies of which it is comprised, as well as the initiatives and decisions thereof.

16. The Purpose and Values of the Iberdrola group are also the basis for the Code of Ethics, which further develops and gives concrete shape to the text thereof, is applicable to the directors, professionals and suppliers of the group, and seeks to foster a culture based on ethics and on a commitment to sustainable development, shared by all those participating in the group’s value creation chain.

17. The Corporate Governance System includes another three regulatory foundations in addition to the By-Laws and the Purpose and Values of the Iberdrola group and the Code of Ethics: (i) the corporate policies; (ii) the governance rules of the corporate decision-making bodies and of other functions and internal committees, and (iii) the rules relating to compliance, which group together the rules intended to prevent market abuse.

18. Within the framework of the law and the By-Laws, the corporate policies define the directives and guidelines for conduct in which the Purpose and Values of the Iberdrola group take shape and which guide the conduct of the shareholders, directors and professionals of the group. These policies, inspired by the business and ethical ideas, principles and values making up Iberdrola’s ideological and axiological foundation, contain the detailed guidelines and directives on conduct ensuring that the group’s strategy is consistent therewith, reducing discretionary conduct in management and favouring the strengthening and enrichment of the Iberdrola group’s reality and identity.
Corporate Policies are grouped into three categories: (i) corporate governance and regulatory compliance, (ii) risks, and (iii) sustainable development.

19. The governance rules of the corporate decision-making bodies and of other functions and internal committees include regulations, codes and procedures that establish, among other things, the composition, powers and rules of operation thereof, as well as the duties and obligations of their members.

20. Finally, the block relating to compliance, which contains the market abuse prevention rules, contains all of the rules approved by the Board of Directors to avoid this type of conduct, ensure equal treatment of all investors and the protection thereof against the improper use of inside information regarding the Company, as well as conduct constituting market manipulation.

21. Consistent with the structure described above, the Corporate Governance System is formally ordered into five books: Book One, which contains the By-Laws; Book Two, which contains the Purpose and Values of the Iberdrola group and the Code of Ethics, Book Three, which groups together the corporate policies, Book Four, which contains the governance rules of the corporate decision-making bodies and of other functions and internal committees; and finally, Book Five, which contains the regulatory compliance rules deriving from the Company’s presence in the securities markets.

22. Iberdrola aspires for its Corporate Governance System to enjoy the highest possible levels of compliance and dissemination, particularly taking advantage of the most advanced, environmentally-friendly technologies. Therefore, the full text or a summary of the documents that make up the Company’s Corporate Governance System is available on the Company’s corporate website (www.iberdrola.com). They are also published in accessible formats so that they can be consulted using the most frequently utilised electronic devices, including smart phones, tablets and computers.

23. The Corporate Governance System is subject to a process of constant revision to ensure that it is always suitable and conforms to the facts and circumstances requiring any such revision, and includes the best practices in this area.

In this work to further improve and continually update the Corporate Governance System, Iberdrola draws on the external advice of the law firms “CMS Albiñana & Suárez de Lezo”, “Cortés, Abogados”, “Garrigues” and “Uría Menéndez”.

In Bilbao, on 21 July 2020
The Board of Directors of Iberdrola, S.A.
The Driving Ideas of the Corporate Governance System
Leadership in corporate governance and transparency is one of the hallmarks of Iberdrola's identity: The Board of Directors therefore regularly reviews the Corporate Governance System, keeping it updated and including therein the good governance recommendations and best practices generally accepted in international markets.

In order to disseminate the content thereof and to assist in searching by subject matter, symbols are included together which each norm that identify the main “driving ideas” contained therein:

| SDGs | The Company is committed to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations. It not only contributes decisively to meeting objectives seven and thirteen relating to the supply of affordable and clean energy and the fight against climate change, but in its daily activities also takes into consideration the seventeen goals as guidance in its decision-making processes, the principles of which inform its conduct and its daily tasks, rejecting actions that contravene or hinder them. |
| Climate Change | Climate change is one of the most important challenges that humanity must face in the 21st century. Iberdrola recognises the seriousness of the threat of global warming and commits to taking on a leadership role in the fight against climate change. |
| Shareholder Engagement | The Company commits to a proactive search for two-way interaction with the Company’s shareholders in order to encourage their engagement in corporate life and forge a sense of belonging, maintaining a constructive, ongoing and effective dialogue with them. |
| Gender Diversity | The Company has established the development of professional relationships based on equal opportunity, non-discrimination and respect for diversity as a strategic objective. In particular, it regards the achievement of gender equality within the Company to be one of the essential values of the organisation. |
| Decentralised Structure | The corporate and governance structure of the Iberdrola group is based on a recognition of its multinational character, which is diversified, organised efficiently and coordinated around the Company and the various country subsidiary companies and head of business companies, subject to common guidelines and the principle of subsidiarity, which seeks a balance between decentralised management and the exploitation of the synergies that arise from belonging to the group. |
| Compliance | Iberdrola promotes a culture of “zero tolerance” towards corruption and fraud due to its awareness that these are phenomena that stifle economic growth, weaken democracy and undermine social justice and the Rule of Law, causing serious harm to the economy and to society. This culture inspires its effective and independent compliance system, which is under continual review in order to incorporate the most advanced international practices in this area. |
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29 July 2020

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Preamble

Organised in 1901, Iberdrola represents a business model built on a purpose and certain values, the common denominator and main engine of which is a commitment to the creation of sustainable value in the performance of all of its activities for its professionals, suppliers and shareholders, the people to whom it supplies energy, society and other Stakeholders.

These By-Laws constitute the core of its internal system of rules. Pursuant to the corporate autonomy recognised by law, they govern the company contract that all shareholders accept upon acquiring such status and lay the foundations and principles determining the governance of Iberdrola as the controlling entity of a multinational entity group.

The By-Laws go much beyond the content required by law and what is customary for listed companies in that they define in their preliminary title the foundations of Iberdrola as an independent, open holding company of an international industrial group, which is decentralised and committed to a purpose and values, as well as the Sustainable Development Goals (SDGs) approved by the United Nations. The By-Laws also recognise the fact that Iberdrola, due to its size and importance, constitutes an institutional reality, a focal point for many Stakeholders and for the economic and social environment in which it does business.

The text of these By-Laws is inspired by the Iberdrola group’s purpose, to continue building together each day a healthier, more accessible energy model, based on electricity, as well as by its corporate values: sustainable energy, integrating force and driving force. The purpose and values of the Iberdrola group constitute its corporate philosophy, the ideological and axiological foundation on which its own business enterprise is based, the set of ideas, values and principles that inspire the organisation and conduct of Iberdrola and its group, guide the realisation of its object and specify and give substance to the corporate interest.

The regulatory nature of the purpose and values of the Iberdrola group is expressly recognised in the preliminary title of the By-Laws, at the top of its internal rules, as they are called upon to guide the application and interpretation thereof (always in accordance with applicable law), to govern the day-to-day activities of the Company, to channel its leadership role in its various areas of activity and to guide its sustainable development strategy and the ethical behaviour of all personnel participating in the daily construction of Iberdrola’s business enterprise.

In turn, these By-Laws, approved by the shareholders of the Company at a General Shareholders’ Meeting, the maximum governance body through which the people holding the legitimate ownership of Iberdrola express their desire, are the basis on which the Company has built its Corporate Governance System, a regulatory structure that ensures the effective articulation of the corporate purpose and values of the Iberdrola group in the form of a true regulatory system. As such, it is subject to continuous review and update in order to immediately conform to regulatory changes and to the most stringent international standards.

The Corporate Governance System makes up a business model that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the group’s businesses, all on the basis of an effective system of checks and balances that prevents the centralisation of power within a single governance body or a single person.

To the extent applicable thereto, Iberdrola’s By-Laws and the other provisions of its Corporate Governance System bind its shareholders, the members of the Board of Directors, senior management and other professionals, as well as any persons validly linked thereto on a general basis. All have the duty to comply with them, as well as the right to demand compliance therewith.

PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP

Article 1. Company Name
The name of the company is IBERDROLA, S.A. (the “Company”).

Article 2. Registered Office
1. The registered office of the Company is in Bilbao (Biscay), at Plaza Euskadi número 5.
2. The registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors.
Article 3. Duration
The duration of the Company is indefinite, its operations having commenced on 19 July 1901, the date of formalisation of its deed of incorporation.

Article 4. The Iberdrola Group
1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the "Group").
2. The corporate and governance structure of the Group is defined based on the following:
   a. The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Corporate Governance System.
   b. Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.
      The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.
   c. Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof.
3. All companies of the Group share the same corporate interest as well as identical purpose, corporate values and ethical principles.

Article 5. Object of the Company
1. The Company’s object is:
   a. To carry out all manner of activities, works and services inherent in or related to the business of production, transmission, switching and distribution or supply of electric power or electricity by-products and applications thereof and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications and internet-related services; water treatment and distribution; the integral provision of urban and gas supply services, as well as other gas storage, regasification, transportation or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.
   b. The distribution, representation and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts and accessories.
   c. The investigation, study and planning of investment and corporate organisation projects, as well as the promotion, creation and development of industrial, commercial or service companies.
   d. The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.
2. The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.

Article 6. Corporate Interest
The Company conceives of the corporate interest as the common interest of all persons owning shares of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate
Article 7. Social Dividend

1. The performance of the activities included in the corporate object, particularly the Company’s innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the Purpose and Values of the Iberdrola group and the commitments made in its Code of Ethics.

2. The Company conceives of the social dividend as the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

3. The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders’ Meeting presents the Company’s performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.

4. The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders.

Article 8. Applicable Legal Provisions, Corporate Governance System and Compliance System

1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.

2. The Corporate Governance System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.

3. The Company’s Corporate Governance System is made up of these By-Laws, the Purpose and Values of the Iberdrola group, the Code of Ethics, the corporate policies and the other governance and compliance rules.

4. The Purpose and Values of the Iberdrola group set out its raison d’être, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.

5. The Purpose and Values of the Iberdrola group also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.

6. The shareholders acting at a General Shareholders’ Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.

7. Full or summarised versions of the rules making up the Corporate Governance System can be viewed on the Company’s corporate website.

8. The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Corporate Governance System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola group and the corporate interest.

9. The application and further development of the Company’s compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.

Article 9. Stakeholder Relations, Corporate Websites and Presence on Social Media

1. The Company and the other entities belonging to the Group seek to engage all Stakeholders in its business...
The Company’s corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder relations policy. The ultimate goal thereof is to encourage the stakeholders’ engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.

3. The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders’ rights to receive information and to participate in connection with the General Shareholders’ Meeting and the corporate governance of the Company, upon the terms provided by law and the Corporate Governance System.

4. The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company’s digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company’s Stakeholder relations policy and to the general guidelines approved by its Board of Directors.

5. All companies of the Group shall promote the accessibility of their respective corporate websites.

TITLE I. SHARE CAPITAL AND SHAREHOLDERS

Chapter I. Share Capital and Shares

Article 10. Share Capital
The share capital is 4,762,545,750.00 euros, represented by 6,350,061,000 ordinary shares having a nominal value of 0.75 euro each, belonging to a single class and series, which are fully subscribed and paid up.

Article 11. Shares
1. The shares are represented in book-entry form.
2. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.
3. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the increase in capital. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the increase in capital, which may provide for cash as well as non-cash contributions.

Chapter II. Shareholders

Article 12. Shareholder Status
1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Corporate Governance System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.
2. The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.
3. The Company may, as legally allowed, access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.
Article 13. Shareholder Engagement

The Company shall foster continuous and appropriate information for its shareholders, permanent contact therewith and their engagement in corporate life. For this purpose, the Board of Directors shall establish the channels for participation through which the Company will foster their engagement with appropriate guarantees and coordination mechanisms.

Article 14. Shareholders and the Corporate Governance System

1. The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.

2. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Corporate Governance System.

TITLE II. GENERAL SHAREHOLDERS’ MEETING

Article 15. General Shareholders’ Meeting

1. The shareholders, meeting at a General Shareholders’ Meeting, shall decide, by the majorities required in each case and in accordance with law and the Corporate Governance System, on the matters within their purview.

2. Resolutions that are duly adopted at a General Shareholders’ Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.

3. The General Shareholders’ Meeting is governed by the provisions of law, these By-Laws, the Regulations for the General Shareholders’ Meeting, other applicable provisions of the Corporate Governance System and other implementing rules approved by the Board of Directors within its purview.

Article 16. Shareholder Participation

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting, including, if appropriate, the payment of attendance bonuses pursuant to a predefined and public policy.

Article 17. Powers of the Shareholders Acting at a General Shareholders’ Meeting

1. The shareholders acting at a General Shareholders’ Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders’ Meeting or other rules of the Corporate Governance System, and particularly regarding the following:

   a. The approval of the annual accounts, the allocation of profits or losses and the approval of corporate management.

   b. The approval of the statement of non-financial information.

   c. The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.

   d. The approval of the director remuneration policy.

   e. The approval of the establishment of systems for remuneration of the Company’s directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.

   f. Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders’ Meeting, as well as from the obligation not to compete with the Company.

   g. The appointment, re-election and removal of the statutory auditors.
h. The amendment of these *By-Laws*.

i. An increase or reduction in share capital.

j. The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.

k. The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders’ Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders’ Meeting held after the end of the period granted for the use of such delegation.

l. The exclusion or limitation of pre-emptive rights.

m. The authorisation for the derivative acquisition of the Company’s own shares.

n. The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.

o. The dissolution of the Company and the appointment and removal of the liquidators.

p. The approval of the final liquidating balance sheet.

q. The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.

r. The exercise of derivative liability actions against directors, statutory auditors and liquidators.

s. The approval and amendment of the *Regulations for the General Shareholders’ Meeting*.

t. The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.

u. The acquisition, transfer or contribution of key assets from or to another company.

v. The approval of transactions having an effect equivalent to liquidation of the Company.

2. The shareholders at a General Shareholders’ Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company’s Corporate Governance System.

**Article 18. Call to the General Shareholders’ Meeting**

1. The General Shareholders’ Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.

2. The announcement of the call to meeting shall be disseminated through the following media, at a minimum:

   a. The Official Gazette of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) or one of the more widely circulated newspapers in Spain.

   b. The website of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

   c. The Company’s corporate website.

**Article 19. Shareholders’ Right to Receive Information**

1. From the date of publication of the call to the General Shareholders’ Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions that they deem relevant, regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders’ Meeting, and (iii) the audit report.
2. During the course of the General Shareholders’ Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters set forth in the preceding section.

3. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in these By-Laws and in the Regulations for the General Shareholders’ Meeting, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.

4. The announcement of the call to the General Shareholders’ Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders’ Meeting, as well as, if applicable, the management report and the audit report.

5. The Company shall make available to its shareholders the information and documentation required by the provisions of law and the Corporate Governance System.

Article 20. Place of the Meeting

The General Shareholders’ Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.

Article 21. Establishment of a Quorum for the General Shareholders’ Meeting

1. The General Shareholders’ Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.

2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders’ Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.

3. The absence of shareholders occurring once a quorum for the General Shareholders’ Meeting has been established shall not affect the validity of the meeting.

4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders’ Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.

Article 22. Right to Attend

1. The holders of at least one voting share may attend the General Shareholders’ Meeting and take part in deliberations thereof, with the right to be heard and to vote.

2. The General Shareholders’ Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.

3. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders’ Meeting is to be held.

4. The chair of the General Shareholders’ Meeting may authorise the attendance of executive personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.

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Article 23. Right to Proxy Representation

1. All shareholders having the right to attend may be represented at the General Shareholders’ Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.

2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 27 below for the casting of absentee votes shall apply to the extent applicable.

3. Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of law and the Corporate Governance System.

4. In cases of absence of identification of the proxy-holder, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders’ Meeting or a conflict of interest affecting the proxy-holder, the rules established in this regard in the Corporate Governance System shall apply.

5. The chair of and the secretary for the General Shareholders’ Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.

Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders’ Meeting

1. The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders’ Meeting in carrying out the duties thereof.

2. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders’ Meeting. If there are several vice-chairs, they shall act in the order set forth in article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders’ Meeting.

3. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders’ Meeting. If there are several deputy secretaries, the order set forth in article 44.2 below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders’ Meeting.

Article 25. List of Attendees

1. Prior to beginning with the agenda for the meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of shares they own or represent by proxy.

2. Questions or claims arising with respect to preparation of the list of attendees and compliance with the requirements for a valid quorum at the General Shareholders’ Meeting shall be resolved by the chair thereof.

Article 26. Deliberations and Voting

1. The chair of the General Shareholders’ Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the Regulations for the General Shareholders’ Meeting, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and these By-Laws; approve the polling and vote counting system; proclaim the voting results; temporarily suspend or propose an extension of the General Shareholders’ Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.

2. The chair of the General Shareholders’ Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders’ Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence
or supervening incapacity of the chair of or the secretary for the General Shareholders’ Meeting, the appropriate persons under sections 2 and 3 of article 24, respectively, shall assume the duties thereof.

3. Proposed resolutions shall be voted upon by the shareholders at the General Shareholders’ Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders’ Meeting.

**Article 27. Absentee Voting**

1. Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.

2. Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders’ Meeting.

3. Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders’ Meeting upon first call or upon second call, as applicable.

4. The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.

   Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders’ Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.

5. The chair of and the secretary for the General Shareholders’ Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Corporate Governance System and the rules established by the Board of Directors in implementation thereof.

6. Remote attendance at the General Shareholders’ Meeting by data transmission and simultaneous means and the casting of electronic absentee votes during the course of the General Shareholders’ Meeting may be allowed if provided for in the Regulations for the General Shareholders’ Meeting, subject to the requirements set forth therein.

**Article 28. Conflicts of Interest**

1. A shareholder may not exercise the shareholder’s right to vote at a General Shareholders’ Meeting, either in person or by proxy, with respect to the adoption of a resolution to:

   a. Relieve the shareholder of an obligation or grant the shareholder a right.

   b. Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.

   c. Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.

2. The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated in article 29.3 below), even if these latter companies or entities are not shareholders.

3. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders’ Meeting, such shareholder’s shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.

**Article 29. Approval of Resolutions**

1. Except in cases in which the law or these By-Laws require a greater majority, the shareholders acting at a General Shareholders’ Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against. Each voting share that is represented in person or by proxy at the General Shareholders’ Meeting shall give the right to one vote.
2. No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.

3. The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.

4. Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders’ Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of resolutions by the shareholders at a General Shareholders’ Meeting shall be calculated.

TITLE III. MANAGEMENT OF THE COMPANY

Chapter I. General Provisions

Article 30. Management and Representation of the Company

1. The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee (Comisión Ejecutiva Delegada) and, also if so decided by the Board of Directors, by one or more chief executive officers (consejeros delegados).

2. Each of these bodies shall have the powers set forth in these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.

Chapter II. Board of Directors

Article 31. Regulations of the Board of Directors

The Board of Directors shall be governed by the provisions set forth in the law, the By-Laws, the Regulations of the Board of Directors, and the other applicable provisions of the Corporate Governance System.

Article 32. Powers of the Board of Directors

1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Corporate Governance System to the shareholders acting at a General Shareholders’ Meeting.

2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Corporate Governance System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:

   a. Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of day-to-day administration and effective management of each of the businesses thereof.

   b. Supervise the general development of the aforementioned policies, strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging thereto.

   c. Decide on matters of strategic importance at the Group level.
3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group’s management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.

4. The Board of Directors shall design, evaluate and review the Corporate Governance System on an ongoing basis. It shall approve the Purpose and Values of the Iberdrola group and shall pay special attention to the approval and updating of the Corporate Policies, which further develop the principles reflected in these By-Laws and in the other provisions of the Corporate Governance System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.

5. The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company.

Article 33. Composition of the Board of Directors and Appointment of Directors

1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders’ Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.

2. The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders’ Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling or non-filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.

3. The following may not be appointed as directors or as individuals representing a corporate director:
   a. Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or members of senior management thereof, or such persons, if any, as are proposed by them in their capacity as shareholders.
   b. Individuals or legal entities serving as directors in more than three companies with shares trading on domestic or foreign stock exchanges.
   c. Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Group operates.
   d. Individuals or legal entities that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.

4. The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the Corporate Governance System. Resolutions proposed to the shareholders at a General Shareholders’ Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal.

Article 34. Types of Directors

1. Those directors who perform management duties within the Company or its Group, whatever the legal relationship they maintain, shall be deemed executive directors.

2. All other directors of the Company, whether proprietary, independent, or other external, shall be deemed non-executive directors:
   a. Proprietary directors: those directors who own a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount, as well as those representing the shareholders described above. However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.
   b. Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company or its Group, its significant shareholders, its management personnel or with the other directors. Directors who have been independent directors for a continuous period of more than twelve years cannot be deemed to be independent directors.

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c. Other external directors: those non-executive directors who do not have the characteristics to be deemed proprietary or independent directors.

The Regulations of the Board of Directors may further elaborate upon and develop these concepts within the framework established by law.

3. The Board of Directors shall ensure that a majority of its members are independent directors. This instruction, as well as those set forth in these By-Laws and in the Regulations of the Board of Directors regarding the composition of the committees of the Board of Directors, shall be mandatory for such body, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders at a General Shareholders’ Meeting and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders.

4. A rationale for the status of each director shall be given by the Board of Directors to the shareholders at the General Shareholders’ Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the Annual Corporate Governance Report, after a report from the Appointments Committee.

Article 35. Meetings of the Board of Directors

1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the Regulations of the Board of Directors. Meetings shall take place at the Company’s registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Corporate Governance System.

2. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.

Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions

1. The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.

2. All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.

3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.

4. Unless higher majorities are provided for by law or the Corporate Governance System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.

5. The chairman of the Board of Directors may invite to meetings all those persons who might contribute to improving the information provided to the directors.

Chapter III. Committees and Positions within the Board of Directors

Article 37. Committees of the Board of Directors

1. The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.

2. The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.
3. The committees shall be governed by the provisions of the Corporate Governance System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.

**Article 38. Executive Committee**

1. If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Corporate Governance System.

2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.

3. The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.

4. The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.

5. Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (consejero coordinador), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.

6. Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.

**Article 39. Audit and Risk Supervision Committee**

1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.

2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.

3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.

4. The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments Committee.

**Article 40. Appointments Committee and Remuneration Committee**

1. The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these By-Laws to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.
2. The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority of their respective members must be classified as independent.

3. The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of them, as well as their secretaries, who need not be directors.

4. The Appointments Committee and the Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.

In particular, the Appointments Committee shall have the power to report on related-party transactions.

Article 41. Sustainable Development Committee

1. If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.

2. The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

3. The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.

4. The Sustainable Development Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.

Article 42. Chairman and Vice-Chair or Vice-Chairs

1. The Board of Directors, following a report from the Appointments Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.

2. The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.

3. The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.

4. The chairman of the Board of Directors exercises the powers conferred upon him by law and the Corporate Governance System, and particularly the following:

   a. To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.

   b. To chair the General Shareholders’ Meeting and exercise thereat the duties attributed thereto by the Corporate Governance System.

   c. To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.

   d. To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information sufficient to deliberate on the items on the agenda.

   e. To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.

5. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.
6. If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length of service in office; in case of equal lengths of service, the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal lengths, by the oldest.

7. If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.

8. The same procedure shall be followed to decide the removal of a vice-chair.

**Article 43. Chief Executive Officer**

1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers (consejeros delegados) with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.

2. In the event of vacancy, absence, illness or incapacity of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.

**Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors**

1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.

2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.

3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Corporate Governance System.

4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Corporate Governance System.

**Article 45. Checks and Balances System: Lead Independent Director**

1. The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.

2. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.

3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.

4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director (consejero coordinador), who shall be especially empowered, when the lead independent director deems it appropriate, to:

   a. Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.
b. Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.

c. Coordinate, gather and reflect the concerns of the non-executive directors.

d. Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.

5. The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.

Chapter IV. Rules Applicable to Directors

Article 46. General Duties of Directors

1. The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties attributed to each of them. The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.

2. The Regulations of the Board of Directors shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.

3. The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.

Article 47. Term of Office

1. Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders’ Meeting do not resolve to remove them and they do not resign from their position.

2. Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest or prohibition against performing the duties of director provided by law or the Corporate Governance System.

3. Directors may be re-elected to one or more terms of four years.

Article 48. Director Remuneration

1. The Company shall annually allocate as an expense an amount equal to a maximum of two per cent of consolidated group profits obtained during the preceding financial year for the following purposes:

   a. To remunerate the directors, both for their status as such as well as for any executive duties, based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.

   b. To endow a fund to meet the obligations of the Company regarding pensions, the payment of life insurance premiums and the payment of severance compensation in favour of current and former directors.

2. In particular, in their status as such, the directors shall receive remuneration consisting of a fixed annual amount, attendance fees and appropriate coverage of risk benefits (death and disability). In the case of termination prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive a severance payment for non-competition unless their removal is due to a breach of the duties of director attributable thereto or to the sole decision thereof.

3. The amount, subject to the maximum limit of two per cent, may only accrue if profits for the preceding financial year are sufficient to cover legal and other mandatory reserves and if there has been an issuance to the shareholders of a dividend of at least four per cent of the share capital charged to the results of such financial year.

4. Independently of the provisions of the preceding sections, and subject always to the approval of the shareholders at a General Shareholders’ Meeting, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company’s shares.
Article 49. Powers of Information and Inspection

1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company.

2. The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Corporate Governance System.

TITLE IV. BREAKTHROUGH OF RESTRICTIONS IN THE EVENT OF TAKEOVER BIDS

Article 50. Removal of Voting Limitations

The prohibition on voting for shareholders affected by conflicts established in article 28 above and the limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 2 to 4 of article 29 above shall be deprived of effect upon the occurrence of the following circumstances:

a. when the Company is the target of a takeover bid aimed at the share capital as a whole; and

b. when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to two-thirds of the voting share capital of the Company, provided the full consideration therefor consists only of cash; or, alternatively,

c. when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration therefor consists, in whole or in part, of securities, without giving the recipient an alternative right to receive such consideration wholly in cash.

Article 51. Effectiveness of the Removal

1. The removal of the restrictions mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin (Boletín de Cotización) of the Bilbao Stock Exchange.

2. The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the amendment of the By-Laws referred to in section 1 above and to seek registration thereof with the Commercial Registry.

Article 52. Amendments to Articles in Title IV and Related Provisions

All resolutions intended to eliminate or amend the provisions contained in this Title, in article 28 and in sections 2 to 4 of article 29 above shall require the affirmative vote of three-fourths of the share capital represented in person or by proxy at a General Shareholders’ Meeting.
TITLE V. ANNUAL ACCOUNTS, DISSOLUTION, AND LIQUIDATION

Chapter I. Annual Accounts

Article 53. Financial Year and Preparation of Annual Accounts

1. The financial year shall commence on 1 January of each year and shall end on 31 December of each year.

2. Within the first three months of the year, the Board of Directors shall prepare the annual accounts, the management report and the proposed allocation of profits or losses, and the consolidated annual accounts and management report for the previous financial year.

Article 54. Approval of Accounts and Allocation of Profits/Losses

1. The annual accounts of the Company and the consolidated annual accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.

2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual accounts.

3. If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.

4. The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.

5. The distribution of a dividend to shareholders shall be made in proportion to their paid-up share capital.

Chapter II. Dissolution and Liquidation of the Company

Article 55. Grounds for Dissolution

The Company shall be dissolved upon the occurrence of any of the events established by law.

Article 56. Liquidation of the Company

1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.

2. During the liquidation period, the provisions of these By-Laws governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.

3. All liquidating operations shall be carried out with due observance of the provisions of law.
Book Two of the Purpose and Values and of the Code of Ethics
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Introduction to the Purpose and Values of the Iberdrola group and to its Code of Ethics
1. The Corporate Governance System constitutes the internal framework of rules for Iberdrola and its group, established, in exercise of the corporate autonomy that the law supports, to ensure through its rules the achievement of its business and corporate ends and goals, as well as the preservation of its own institutional identity.

2. The Corporate Governance System, as a whole, and particularly the By-Laws, which were approved by the shareholders acting at a General Shareholders’ Meeting and are the primary source of its internal rules, are inspired by, are based on and should be interpreted in accordance with the Purpose and Values of the Iberdrola group, the corporate philosophy that informs its focus and its organisation, guides its strategy, and governs the activities of all the companies of which it is comprised, as well as the initiatives and decisions thereof.

3. Iberdrola’s purpose, its raison d’être, is to continue building together each day a healthier, more accessible energy model, based on electricity, through a responsible and sustainable comprehensive (economic, social and environmental) enterprise action that contributes to the Sustainable Development Goals (SDGs) approved by the United Nations, which respects and protects human rights in its sphere of conduct, and which ultimately allows it to combine its legal legitimacy with the new social legitimacy required by our times.

4. This purpose gives root to the social dividend, which, together with the financial dividend, are approved by the By-Laws, representing the effective contribution of Iberdrola to all the Stakeholders and communities within which it is connected and in which it is included.

5. The values of the Iberdrola group, namely: sustainable energy, integrating force and driving force, express its desire for engagement, leadership and commitment to a fast-changing social reality, with the demands, circumstances, challenges and opportunities thereof.

6. The Purpose and Values of the Iberdrola group thus make up the ideological and axiological basis upon which Iberdrola and its enterprise are founded, they assert it as a business reality that transcends its merely commercial nature, and also form the basis for its Code of Ethics, a body of rules that, notwithstanding its nature, is binding upon and of mandatory compliance for all those to whom it applies, and expresses Iberdrola’s demand that it be complied with and observed.

7. 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 full regulatory value they deserve as informing principles.

8. With the identification, formulation and approval of the Purpose and Values of the Iberdrola group by the Board of Directors and the inclusion thereof in the Corporate Governance System, Iberdrola reaffirms its business, corporate and institutional identity and reiterates its commitment to ethics, sustainable development and the creation of value by means of an enterprise shared with its Stakeholders and with the communities in which it does business.

In Bilbao, on 21 July 2020
The Board of Directors of Iberdrola, S.A.
I. Purpose and Values of the Iberdrola group

19 February 2019

1. The Purpose of the Group
2. The Values of the Group
3. Acceptance
The Board of Directors of IBERDROLA, S.A. (the "Company") is vested with the power to define and approve the purpose and values of the group of companies of which the Company is the controlling entity, within the meaning established by law (the "Group").

The goal of this regulation is to formalise the purpose and values of the Group as an independent norm within the Corporate Governance System.

The purpose and values of the Group constitute its identity, its raison d’être and its corporate philosophy. They are the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is the focal point for many stakeholders and for the economic and social environment in which its component entities do business.

The purpose and values of the Group inspire the Company’s By-Laws, guide the application and interpretation thereof in accordance with applicable law, are further developed and specified in the Group’s Code of Ethics, which guide the ethical behaviour of all of its personnel, and take form in the other rules of its Corporate Governance System, governing the day-to-day activities thereof and its strategy for the sustainable growth of the social dividend, channelling its commitment to leadership in all of its areas of activity.

1. The Purpose of the Group

The purpose of the Group, and thus its raison d’être, is: to continue building together each day a healthier, more accessible energy model, based on electricity.

This purpose, focused on the well-being of people and on the preservation of the planet, reflects the strategy that the Group has been implementing for years and its commitment to continue fighting for:

- A real and global energy transition, based on decarbonisation and on the electrification of the energy sector, and of the economy as a whole, that contributes to the fight against climate change and generates new opportunities for economic, social and environmental development.
- An energy model that is more electric, one that abandons the use of fossil fuels and generalises the use of renewable energy sources, the efficient storage of energy, smart grids and digital transformation.
- An energy model that is healthier for people, whose short-term health and well-being depend on the environmental quality of their environment.
- An energy model that is more accessible for all, one that favours inclusion, equality, equity and social development.
- An energy model that is built in collaboration with all involved players and society as a whole.

2. The Values of the Group

To achieve the purpose of the Group, its strategy and all of its actions are inspired by and based on three values:

- **Sustainable energy**: we seek to always be a model of inspiration, creating economic, social and environmental value in all of our surroundings, and with the future in mind.

  We act responsibly toward people, communities and the environment, committed to the sustainable development strategy defined by the Company’s Board of Directors, which seeks to maximise the social dividend generated by the Group’s activities and businesses, from which all of our stakeholders benefit. For this purpose, the Group’s professionals engage in their activities in accordance with the ethical principles set out in the Code of Ethics. They especially endeavour to ensure transparency, the safety of people, the sustainable creation of value for the Company and its surroundings, striving to identify and understand the expectations of all stakeholders and working to achieve the well-being of both present and future generations.

- **Integrating force**: we have great strength and a deep sense of responsibility, for which reason we work together, combining talents, for a purpose that is to be achieved by all and for all.

  The Group’s professionals form a diverse team prepared to achieve the success of its business enterprise. For these purposes, it seeks for its professionals to work without geographic, cultural or operational barriers, to share talent, knowledge and information, and to have a global, long-term vision.

  To achieve such a team, the Group drives the development of its professionals and contributes to the training
of future generations in order to boost their enthusiasm, empathy and initiative at work, and favour solidarity and creativity, as well as their respect for human relations. The Group also encourages the maintenance of sincere and faithful dialogue between its staff and the other stakeholders.

a. Driving force: we make small and large changes a reality while being efficient and self-demanding, always seeking continuous improvement.

We innovate and promote large and small changes that make life easier for people.

We expect our professionals to adopt a non-conformist attitude, to constantly seek excellence and opportunities for improvement, to embrace change and new ideas, to learn from mistakes, to evolve with feedback on their actions and to anticipate the needs of stakeholders.

To achieve this, we favour simple, agile and efficient processes for organising work and exchanging information that take advantage of technological advances.

3. Acceptance

The professionals of the Group expressly accept the Purpose and Values of the Iberdrola group. Professionals who join or become part of the Group in the future must also expressly accept the content hereof.

The Purpose and Values of the Iberdrola group shall be attached to the employment agreements of all Group professionals.

* * *

The corporate philosophy of the Company was initially formalised in 2002, and approved as a standard of the Corporate Governance System on 23 February 2016 under the name Mission, Vision and Values of the Iberdrola group. The Company’s Board of Directors reviewed and last amended it on 19 February 2019 in order to include the purpose, surpassing and replacing the mission and vision, and to update its corporate values.
2. Code of Ethics

24 April 2019

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Section A. Introduction

Article A.1. Purpose

1. IBERDROLA, S.A. (the “Company”) aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System but also to ethical principles and generally accepted principles of social responsibility.

2. This Code of Ethics further develops and takes form in the Purpose and Values of the Iberdrola Group and is intended to serve as a guide for the conduct of the directors, professionals and suppliers of the Company and of the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”), in a global, complex and changing environment.

3. In addition, the Code of Ethics has been prepared taking into account the good governance recommendations generally recognised in international markets and the social responsibility principles accepted by the Company, constituting a basic reference for observance of such initiatives and practices by the Group. It also deals with the prevention obligations imposed within the area of criminal liability for legal entities.

4. The Code of Ethics sets forth the Company’s commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and guidelines for conduct designed to ensure ethical and responsible behaviour by all directors, professionals and suppliers of the Group.

5. The Code of Ethics forms a part of the Corporate Governance System, and is fully respectful of the principles of corporate organisation established therein.

Article A.2. Scope of Application

1. The principles and guidelines for conduct contained in the Code of Ethics apply to all directors, including natural persons who appoint corporate directors to represent them in the performance of their duties, to professionals and to suppliers of the companies of the Group, regardless of their rank, their geographical location or functional reporting, or the Group company to which they provide their services or with which they have a contractual relationship.

2. By way of exception to the provisions of the preceding section, country subholding companies that are listed or not wholly owned by the Group and that have their own code of ethics, as well as the subsidiaries thereof, are excluded from the scope of application of this Code of Ethics. Furthermore, the companies of the Group to which other ethical codes or codes of conduct also apply, whether industry-based or arising under the domestic law of those countries in which they carry out their activities, shall also observe such other ethical codes or codes of conduct. In any event, such codes of ethics or conduct shall embrace the Purpose and Values of the Iberdrola Group and shall reflect the principles set forth in this Code of Ethics.

3. Professionals acting as representatives of the Group at companies and entities that do not belong thereto shall observe the Code of Ethics in the performance of such representation, to the extent that it is not inconsistent with the regulations of the company or entity at which they act as representatives of the Group. At those companies and entities in which the Group, while not having a majority stake, is responsible for management, the professionals representing the Group shall promote compliance with the provisions of the Purpose and Values of the Iberdrola Group and the rules of conduct established in this Code of Ethics.

4. Observance of the Code of Ethics is understood to be without prejudice to strict compliance with the Corporate Governance System, and especially the Internal Regulations for Conduct in the Securities Markets and the rules in implementation thereof, the corporate governance and regulatory compliance policies and the current rules on separation of activities in each jurisdiction in which the Group carries out regulated activities.

Section B. General Ethical and Stakeholder Relations Principles of Iberdrola

Article B.1. Purpose and Values of the Iberdrola Group

1. The Board of Directors of the Company has approved the Purpose and Values of the Iberdrola Group. Far from being a mere statement of principles, the content thereof governs day-to-day activities at all of the Group companies and guides their strategy and all their actions.
2. The best assurance of the Group’s commitment to sustainable development and the creation of value for the communities in which it is present and for the shareholders of the Company is professional conduct in compliance with the principles contained in the Purpose and Values of the Iberdrola group, which take form and are further developed in this Code of Ethics, the corporate policies and the other rules of the Corporate Governance System.

Article B.2. Commitment to the Sustainable Development Goals (SDGs)

The Group contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations through all of its business activities. In particular, through this Code of Ethics, the Group formalises its support for goal sixteen, which includes the fight against corruption and bribery in all their forms.

Article B.3. Sustainable Development and Business Ethics

1. The Group expresses its firm commitment to the principles of the General Sustainable Development Policy as a framework for its programmes and actions with the professionals, customers, suppliers, shareholders and all other stakeholders with whom it has relations.

In this regard, the Group, faithful to the corporate goal of creating wealth and welfare for society, adopts a responsible corporate ethic that makes it possible to harmonise the creation of value for its shareholders with sustainable development, the main objectives of which are the protection of the environment, social cohesion, the development of a favourable framework for employment relations, and ongoing communication with the various groups related to the Company in order to meet their needs and expectations.

2. The Group expresses its firm commitment to the principles of the Anti-Corruption and Anti-Fraud Policy and the Crime Prevention Policy, and in particular to not adopting practices that might be considered improper in its relations with third parties (customers, suppliers, competitors and authorities, among others), including those relating to money laundering.

To such end, professionals shall receive appropriate training on applicable law in the countries in which the Group operates.

3. Group companies shall ensure compliance with applicable tax regulations and shall strive to achieve appropriate coordination of the tax policy followed by all of them, within the framework of furtherance of the corporate interest and of support for the long-term business strategy, avoiding tax risks and inefficiencies in the implementation of business decisions.

Article B.4. Human and Workers’ Rights

1. The Group hereby expresses its commitment to and solidarity with the human and workers’ rights recognised in national and international law and to the principles upon which are based the UN Global Compact, the United Nations Norms on the Responsibilities of Transnational Companies and Other Business Enterprises in connection with Human Rights, the OECD Guidelines for Multinational Enterprises and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organisation, as well in such documents or texts that supplement or that might replace the ones mentioned above.

2. Pursuant to the provisions of the Policy on Respect for Human Rights, the Group particularly affirms its total rejection of child and forced or compulsory labour and undertakes to respect freedom of association and collective bargaining, the right to freedom of movement within each country, as well as non-discrimination and the rights of ethnic minorities and indigenous peoples in the places in which it does business.

Article B.5. Protection of the Environment, Climate Change and De-carbonisation of the Economy

1. The Group’s activities are based on respect for and protection of the environment, and the Group complies with or improves upon the standards established in such environmental laws and regulations as may apply, minimising the impact that its activities might have thereon and encouraging actions that contribute to the protection thereof, engaging in and sponsoring research and development projects that promote de-carbonisation of the economy.

2. The guidelines for the conduct of the Group’s companies are to promote the de-carbonisation of the economy, minimise waste and pollution, and conserve natural resources, as well as to promote energy savings, as a way to mitigate climate change and to avoid the environmental, social and economic costs that it entails.

3. The Group cooperates with authorities to develop and promote fair laws and regulations that protect the environment.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
Article B.6. Informational Transparency

1. The Group shall provide true, proper, useful and consistent information regarding its programmes and actions. The transparency of the information required to be disclosed is a basic principle that must govern the conduct of all directors, professionals and suppliers of the Group.

2. The economic/financial information of the Group (especially the annual accounts) shall faithfully reflect its economic and financial position and its net worth, in accordance with generally accepted accounting principles and applicable international financial reporting standards. For such purposes, no directors, professional or supplier shall conceal or distort the information set forth in the accounting records and reports of the Group, which shall be complete, accurate and truthful.

3. A lack of honesty in the communication of information, whether within the Group (to professionals, subsidiaries, departments, internal bodies, management decision-making bodies, etc.) or externally (to auditors, shareholders and investors, regulatory entities, the media, etc.) is a breach of this Code of Ethics. This includes delivering incorrect information, organising it in an incorrect manner or seeking to confuse those who receive it.

Article B.7. Shareholders and the Financial Community

1. The Group expresses its intention to create value for its shareholders on a continuous and sustained basis, and shall make available to them permanent communication and enquiry channels to enable them to receive proper, useful and complete information regarding the development of the Group, within the framework of the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors and the principle of equal treatment of shareholders under identical conditions.

2. Relations with investors and financial analysts shall be channelled through the Investor Relations and Communication Division (or such division that hereafter carries out the duties thereof).

Article B.8. Customers

1. The Group commits to offering services and products with a quality equal to or exceeding legal requirements, competing in the marketplace and engaging in marketing and sales based on the merits of its products and services, in all cases applying standards of transparency, disclosure and protection.

2. The Group shall guarantee the confidentiality of all data of its customers and undertakes not to disclose such data to third parties without the customer’s consent, except when required by law or to comply with court or governmental orders. The capture, use and processing of the personal data of customers shall be made in such a manner as to guarantee their right to privacy and comply with personal data protection laws as well as the rights given to customers by the laws on information society and electronic commerce services and other applicable legal provisions.

3. Contracts with customers of the Group shall be drafted in a clear and simple manner. Transparency shall be promoted in pre-contractual and contractual relations with customers, and they shall be advised of the various existing alternatives, particularly as regards services, products and rates.

4. Professionals shall avoid any kind of interference or influence of customers or third parties that may alter their professional impartiality and objectivity and may not receive any kind of remuneration from customers or generally from third parties for services relating to the professional’s activities within the Group.

Article B.9. Suppliers

1. The Group’s procedures for the selection of suppliers shall conform to an objective and impartial standard and shall avoid any conflict of interest or favouritism in the selection thereof. Group professionals undertake to comply with established internal award procedures, including, in particular, those relating to the approval of suppliers.

2. The prices and other information submitted by suppliers during a process of selection shall be treated confidentially and shall not be disclosed to third parties without the consent of the interested parties or where required by law or to comply with court or governmental orders. Group professionals who have access to personal data of suppliers must maintain the confidentiality thereof and...
comply with the provisions of the laws on the protection of personal data, to the extent applicable.

The information made available by Group professionals to its suppliers shall be true and shall not be given with the intent to mislead.

3. Professionals shall avoid any kind of interference or influence of suppliers or third parties that may alter their professional impartiality and objectivity and may not receive any kind of remuneration from the Group’s suppliers or generally from third parties for services relating to the professional’s activities within the Group.

4. The Group shall make available suitable means to collaborate with its suppliers with a view to increasing their competitiveness, establishing appropriate programmes in each case, promoting partnerships in line with Sustainable Development Goal (SDG) seventeen.

5. The Group shall endeavour to ensure compliance with the provisions of this Code of Ethics by its suppliers and shall take action as a result of any violation.

Article B.10. Competitors

1. The Group undertakes to compete fairly in the marketplace and to refrain from engaging in advertising that is deceptive or that denigrates its competition or third parties.

2. The acquisition of information from third parties, including information regarding competitors, shall be made in a lawful manner.

3. The Group undertakes to promote free competition to the benefit of consumers and users and to comply with competition rules and regulations, avoiding any conduct which constitutes or might constitute collusion, abuse or restraint of competition.

Article B.11. Media

Relations with the media shall be channelled through the Investor Relations and Communication Division (or such division that hereafter carries out the duties thereof) and shall be governed by the principles of informational transparency and collaboration.

Article B.12. Authorities, Regulatory Bodies, Public Officials and Government Administrations

1. Relations with authorities, regulatory bodies, public officials and government administrations shall be governed by the principles of lawfulness, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities in relation to the interpretation of applicable legal provisions.

2. The Group shall respect and abide by all court and/or governmental decisions or resolutions that may be issued, but reserves the right to file such appeals as may be appropriate when it believes that they do not conform to the law and are contrary to its interests.

Article B.13. Actions having a Social-Welfare Component and Donations

1. The Group contributes to the development of communities in which it is present with its business activity and with its social responsibility strategy, with measures intended to, amongst other things, promote education, environmental protection, culture, sports, reconciliation, gender equality and the protection of vulnerable groups, and works to establish firm and permanent connections therewith.

2. The companies of the Group, either directly or through intermediaries, shall refrain from making contributions that are not in accord with the social responsibility strategy established thereby.

3. All social-welfare, cultural or any other kind of contributions made by the companies of the Group, regardless of the legal form thereof, whether a collaboration agreement or sponsorship, donation or any other legal form or transaction, and regardless of the area to which they are directed (promotion of education, culture, sports, protection of the environment and vulnerable groups, etc.), must meet the following requirements: have a legitimate purpose, not be anonymous, be formalised in writing, and, if contributions of money, be made by any payment method that allows for identification of the recipient of the funds and provides evidence of the contribution. Cash
contributions are prohibited.

4. Prior to making a contribution from among those referred to in the preceding section, the proposing corporate or business area must have carried out due diligence allowing for verification of the lawfulness thereof, following the form approved by the Compliance Unit or competent compliance division. The Compliance Unit or competent compliance division may establish different forms based on the amount of the contribution or the nature thereof. The due diligence requirements provided for in this article shall not apply to contributions to entities in the nature of foundations linked to the Group in order to carry out the activities with which they are tasked by their respective boards of trustees.

5. The proposing unit must report the results of such due diligence to the competent Compliance Unit or compliance division.

6. In any event, the company of the Group making the contribution must document in the formalisation thereof that it is subject to the beneficiary continuing to meet the requirements and conditions upon which it was approved and to following the purposes for which it was provided. Along these lines, within the framework of the provisions of applicable legal provisions, and without prejudice to any other legal actions to which it may be entitled, the contributing company shall reserve the right to revoke the contribution if, after the provision thereof, it is verified that the information from the due diligence investigations was false or inaccurate, or the beneficiary has ceased to meet the conditions upon which the contribution was provided, or the beneficiary has used it otherwise than as agreed.

7. The provisions of this article shall not apply to presents or gifts under the circumstances set forth in article D.10.1.

8. The companies of the Group, either directly or through intermediaries, are strictly prohibited from directly or indirectly making contributions (regardless of the legal form thereof, such as donations, loans or advances) to Spanish political parties, including federations, coalitions and groups of electors.

Section C. Ethical Principles and Duties of Directors

Article C.1. Ethical Principles of Directors

1. The ethical principles that are to govern all action by directors (and the individual representatives of corporate directors) of the companies of the Group are:
   a. Strict compliance with the law and with the Corporate Governance System, particularly including their duties regarding confidentiality, use of non-public information, non-competition, use of corporate assets, business opportunities, related-party transactions and other conflicts of interest.
   b. Commitment to and involvement with human and labour rights.
   c. Protection of the environment.
   d. Non-discrimination by reason of race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinion, religion or any other personal, physical or social condition of professionals, as well as equal opportunity among them.
   e. Reconciliation of work and family life.
   f. Occupational safety and health, which entails ensuring that physical conditions do not pose a risk to human physical safety or health.
   g. Rigorous and objective selection and evaluation, as well as training, of the professionals of all of the companies of the Group.
   h. Respect for the legitimate public or private interests that converge in the conduct of the Group’s business activities, and particularly those of the various stakeholders.

2. These ethical principles shall be interpreted and applied within the framework of the corporate interest, which is understood as the common interest of all shareholders of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account other stakeholders related to its business activity and its institutional reality, in accordance with the Purpose and Values of the Iberdrola group.
Article C.2. Qualities of Directors

1. Directors of the companies of the Group must be respectable and capable persons with recognised expertise, competence, experience, qualifications, training, availability and commitment to their duties.

2. Directors of the companies of the Group must also distinguish themselves by their professionalism and integrity, which must translate into transparent, diligent, responsible, efficient, professional, loyal, honest, good-faith and objective conduct, in line with the values of excellence, quality and innovation in furtherance of the corporate interest.

3. Directors of the companies of the Group have the duty to cultivate the on-going improvement of the above-mentioned qualities and capabilities.

Article C.3. Ethical Duties

1. As an expression of the integrity required of directors of the companies of the Group, they shall comply with the following ethical duties in the performance of their tasks (which shall also apply to the individual representatives of corporate directors):

   a. Not give or accept gifts or presents in the performance of their duties. On an exceptional basis, they may accept or give gifts or presents that are of insignificant or symbolic economic value, that correspond to signs of courtesy or to customary business gifts and tokens, and that are not forbidden by law, by the Corporate Governance System or by generally accepted business practices.

   b. Not offer or grant, or solicit or accept, whether directly or through an intermediary, unjustified advantages or benefits that are directly or indirectly intended to obtain a benefit, whether present or future, for the Group, for themselves or for a third party. In particular, they may not give or receive any type of bribe or commission from, or made by, any other party involved, such as government officials (whether Spanish or foreign) or personnel of other companies, political parties, authorities, customers, suppliers or shareholders. Acts of bribery, which are expressly prohibited, include the offer or promise, whether direct or indirect, of any kind of improper advantage, any instrument designed to conceal them, and influence-peddling.

   c. Not receive money from customers or suppliers on a personal level, even as a loan or advance. The foregoing does not apply to loans or credits by financial institutions that are customers or suppliers of the Group.

   d. Not accept any kind of hospitality that influences, might influence or might be construed as influencing decision-making.

   e. If there is any connection, membership or collaboration with or in government administrations, public organisations and entities, government-owned companies, political parties or other kinds of public-purpose entities, institutions or associations, it shall be ensured that the strictly personal nature thereof, unrelated to the Group, is clearly shown.

   f. Make responsible use of the resources and means made available to them for the performance of their duties, using them solely for professional activities in the interest of the Group.

   g. Recognise and respect the Group’s ownership of and right to use and operate the computer software, presentations, projects, studies, reports and other works and rights created, developed or used in performing their duties or based on the Group’s information technology systems.

   h. Respect the principle of confidentiality in respect of the characteristics of the rights, licences, software, systems and technological knowledge, in general, owned by the Group or which it has the right to operate.

   i. Use the information technology equipment, systems, software and passwords that the Group makes available thereto to perform their duties, including the facility of access to and operating on the Internet and the directors’ website (or similar instrument), pursuant to standards of security and efficiency, excluding any use, action or information technology function that is unlawful or contrary to the regulations or instructions of the Group or that compromises the confidentiality of Group information.

   j. Not operate, reproduce, replicate or assign the Group’s information technology systems or applications for purposes unrelated to the performance of their duties. Not install or use on the computer equipment provided by the Group software or applications the use of which is unlawful or that might damage the systems or prejudice the image or the interests of the Group, its customers or third parties.

   k. Avoid any action or decision in their business, professional or personal activities that might violate the law or the Corporate Governance System in connection with related-party transactions, significant transactions,
business opportunities, use of corporate assets, other cases of conflict of interest, relations with shareholders, professionals, customers, vendors and suppliers of the Group, competitors and the media.

l. Contribute to the Company’s commitment to the continuous and sustained creation of value for its shareholders and to the long-term success of the Company within the framework of the Corporate Policies and the principle of equal treatment of shareholders in the same situation.

m. Adhere to the principles of cooperation and transparency in their relations with authorities, regulatory and supervisory entities and government administrations in general. Specifically, transparency of information, particularly economic and financial information, is a basic principle that must govern the directors’ activities.

n. Channel their relations with the media and with investors and financial analysts through such divisions and services as are determined by the relevant management decision-making bodies, and such bodies operate in the form of a board of directors, by the chair thereof.

o. Commit to the principles of the General Sustainable Development Policy and a responsible corporate ethic that makes it possible to harmonise the creation of value for its shareholders with sustainable development, the main objectives of which are the protection of the environment, social cohesion, the development of a favourable framework for employment relations, and ongoing communication with the various groups related to the Company in order to meet their needs and expectations.

p. Report the commission by a director of any improper act or act contrary to the law, the Corporate Governance System or the rules of conduct laid down in this Code of Ethics.

q. Manage and cause the Group to be managed, in all fields of endeavour, in accordance with the provisions of the Purpose and Values of the Iberdrola group and this Code of Ethics.

2. Any exemption from compliance with this article shall require approval of the board of directors of the affected company of the Group after a report from the committee in charge of these matters, if any. In the case of companies without a collective management decision-making body, the shareholders acting at a general shareholders’ meeting or the sole shareholder/member shall be responsible for approval.

Section D. Rules of Conduct of the Group’s Professionals

Article D.1. Professionals of the Group

1. The officers and employees of all companies and entities to which this Code of Ethics apply pursuant to the provisions of section A, as well as those other persons whose activities are expressly made subject hereto, are deemed to be professionals of the Group.

2. Those professionals of the Group who manage or direct teams of people in the performance of their duties must also ensure that the professionals for which they are directly responsible know and comply with this Code of Ethics and lead by example, acting as benchmarks for conduct within the Group.

Article D.2. Compliance with Law and with the Corporate Governance System

1. Group professionals shall comply strictly with the laws in force in the jurisdiction of their workplace, heeding both the spirit and the purpose of such legal provisions, and shall observe the provisions of this Code of Ethics, the other rules of the Corporate Governance System and the basic procedures governing the activities of the Group and of the company in which they provide their services. The obligations and commitments assumed by the Group in its relations with third parties, as well as the customs and good practices of the countries in which it does business shall also be fully observed.

2. The members of the management of the Group’s companies shall have particular knowledge of the laws and regulations, including internal ones, affecting their respective areas of activity, and must ensure that the professionals reporting to them receive the required information and training to enable such professionals to understand and fulfil the legal and regulatory obligations, including internal ones, applicable to their position.

Article D.3. Irreproachable Professional Conduct

1. The standards that govern the conduct of the Group’s professionals shall be professionalism, integrity and self-control in their actions and decisions:
2. Code of Ethics

2.01 Professionalism is acting diligently, responsibly and efficiently, focusing on excellence, quality and innovation.

2.02 Integrity is acting loyally, honestly, in good faith, objectively and in line with the interests of the Group and with its principles and values as expressed in the Purpose and Values of the Iberdrola group and in this Code of Ethics.

2.03 Self-control in actions and in decision-making means that any action performed rests upon four basic premises: (i) that it is ethically acceptable; (ii) that it is lawful; (iii) that it is performed within the framework of the corporate interest of the Company and the of the other companies of the Group; and (iv) that the professional is prepared to assume responsibility therefor.

2.1 All professionals of the Group have an obligation to report to the Compliance Unit or to the compliance division of the relevant country subholding or head of business company of the Group, which shall in turn inform the Compliance Unit, regarding the commencement, evolution and result of any court, criminal or administrative proceeding for the imposition of penalties, in which the professional is a defendant, under investigation or accused and which may affect the professional in the performance of the duties thereof as a professional of the Group or prejudice the image, reputation or interests of the Group.

In such an event, the Compliance Unit or the respective compliance division of the country subholding or head of business company of the Group shall act in accordance with the protocol approved for such purpose.

Article D.4. Right to Privacy

1. The Group respects the right to privacy of its professionals in all its forms, and particularly as regards the personal, medical and financial data thereof.

2. The Group respects the personal communications of its professionals made through the internet and other means of communication.

3. The professionals of the Group undertake to responsibly use the means of communication, computer systems and, in general, any other means made available to them by the Company in accordance with the policies and standards established for such purpose. Such means are not provided for non-professional personal use, and are thus not appropriate for private communication. Therefore, they do not give rise to an expectation of privacy and may be supervised by the Group in the proportionate exercise of its duties of control.

4. The Group undertakes not to disclose personal data of its professionals, except with the consent of the interested parties and where legally obliged to make such disclosure by statute or to comply with court or administrative orders. Under no circumstances may personal data of the professionals of the Group be processed for purposes other than those provided for by law or by contract.

5. The professionals of the Group that have access to the personal data of other professionals of the Group in the course of their activities shall undertake in writing to respect the confidentiality of such data.

6. The Compliance Unit, the compliance divisions and the other relevant divisions or bodies shall comply with the requirements established in personal data protection legislation regarding communications sent thereto by the professionals in accordance with the provisions of this Code of Ethics.

Article D.5. Workplace Health and Safety

1. The Group shall promote a workplace health and safety programme and adopt the preventive measures required under current legislation and any other legislation that may be enacted in the future.

2. The professionals of the Group shall observe with particular attention the regulations relating to workplace health and safety, in order to prevent and minimise occupational risks.

Article D.6. Selection and Assessment

1. The Group shall maintain a most strict and objective selection programme, considering only the academic, personal and professional merits of candidates and the needs of the Group.

2. The Group shall assess its professionals rigorously and objectively on the basis of their individual and collective professional performance.

3. Group professionals shall participate in any setting of their objectives and shall be informed of the assessments made of them.
Article D.7. Equality and Reconciliation
1. The companies of the Group shall not establish any differences in salary based on personal, physical or social conditions such as gender, race, marital status or ideology, political opinions, nationality, religion or any other personal, physical or social status.
2. The Group respects the personal and family life of its professionals and shall promote reconciliation programmes that facilitate the achievement of an optimal balance between the latter and their work responsibilities.
3. The use of discriminatory language in any kind of internal or external corporate communication is prohibited.

Article D.8. Training Policies
1. The Group shall promote the training of its professionals. Training programmes shall foster equal opportunities and professional career development and shall contribute to the achievement of the Group’s objectives.
2. Group professionals undertake to update their technical and managerial knowledge continuously and to take advantage of the Group’s training programmes.

Article D.9. Information
The Group shall inform its professionals of the outlines of its strategic objectives and the progress of the Group.

Article D.10. Gifts and Presents
1. Group professionals may not give or accept gifts or presents in the performance of their professional activities. As an exception, the delivery and acceptance of gifts or presents shall be allowed if all of the following simultaneously occur:
   a. they are of insignificant or symbolic financial value,
   b. they correspond to signs of courtesy or to customary business gifts and tokens, and
   c. they are not forbidden by law or by generally accepted business practices.
2. Group professionals may not, directly or through nominees, offer or grant, or solicit or accept, unjustified advantages or benefits that are directly or indirectly intended to obtain a benefit, whether present or future, for the Group, for themselves or for a third party. In particular, they may not give or receive any type of bribe or commission from, or made by, any other party involved, such as government officials (whether Spanish or foreign) or personnel of other companies, political parties, authorities, customers, suppliers or shareholders. Acts of bribery, which are expressly prohibited, include the offer or promise, whether direct or indirect, of any kind of improper advantage, any instrument designed to conceal them, and influence-peddling.
   Nor may they personally receive money from customers or suppliers on a personal level, even as a loan or advance, the foregoing being independent of loans or credits given to Group professionals by financial institutions that are customers or suppliers of the Group and that are not involved in the activities set forth above.
3. Group professionals may not give or accept hospitality that influences, might influence or might be construed as influencing decisions.
4. In the event of any doubt as to what is acceptable, the offer must be turned down or, if appropriate, first discussed with the Compliance Unit or the corresponding compliance division, as applicable.

Article D.11. Conflicts of Interest
1. A conflict of interest shall be deemed to exist in those circumstances in which there is a direct or indirect conflict between the personal interest of the professional and the interest of any of the companies of the Group. A personal interest of the professional shall exist when the matter affects the professional or a person related thereto.
2. The following shall be deemed to be persons connected to the professional (“Connected Persons”):
   a. The spouse of the professional or the person with whom the professional has a like relationship of affection.
   b. The ascendants, descendants and siblings of the professional or of the professional’s spouse (or person with a like relationship of affection).
c. The spouses of the ascendants, descendants and siblings of the professional.

d. The companies or entities in which the professional, or another person connected thereto, directly or through a nominee, falls within any of the control situations established under the law.

e. The companies or entities in which the professional, or any of the persons connected thereto, directly or through a nominee, holds an administrative or management position or a position for which the professional receives remuneration for any reason, provided that the professional also directly or indirectly exercises a significant influence on the financial and operational decisions of such companies or entities.

3. By way of example, the following are circumstances that might give rise to a conflict of interest:

   a. Being involved, personally or through relatives, in any financial transaction or operation to which any of the companies of the Group is party.

   b. Negotiating or formalising contracts on behalf of any of the companies of the Group with Connected Persons.

   c. Being a significant shareholder, director, member of management or holding a position of responsibility or exercising a similar influence at entities that are customers, suppliers or direct or indirect competitors of any of the companies of the Group.

4. Professional decisions must be based on the best defence of the interests of the Group and must not be influenced by personal or family relationships or by any other personal interests.

5. Group professionals shall observe the following general guidelines for action in connection with potential conflicts of interest:

   a. Communication: Employees are required to report the conflicts of interest in which they are involved prior to entering into any transaction or to the conclusion of the business in question. For this purpose, they shall send a communication in writing to an immediate superior, to the division responsible for the human resources function and to the Compliance Unit or to the compliance division of the Group company to which they belong. The latter shall evaluate the situation in coordination with the division responsible for the human resources function and shall make the appropriate decisions, advising on the appropriate actions in each particular circumstance, when necessary. Professionals affected by the conflict who belong to the division responsible for the human resources function, to the Compliance Unit or to the competent compliance division must refrain from participating in the resolution thereof.

   In said communication, professionals must specify:

   • Whether the conflict of interest affects them personally or through a Connected Person, in which case they shall provide the name of such person,

   • The circumstances that led to the conflict of interest, describing, if appropriate, the subject matter and the principal terms of the planned transaction or decision, in any case including the amount thereof or the approximate financial valuation.

   • The department or person of the Group with whom the respective contacts were made.

   b. Independence: At all times act with professionalism, loyalty to the Group and its shareholders, and independently of their own interests or those of third parties. They shall therefore in no case let their own interests prevail over the interests of the Group.

   c. Abstention: Refrain from participating in or influencing the making of decisions that might affect the entities of the Group with which there is a conflict of interest, from participating in deliberations on the adoption of such decisions and from accessing confidential information related to such conflict.

   The general guidelines for action described above shall be especially observed in those instances in which the conflict of interest is, or may reasonably be expected to be, of such a nature as to constitute a structural and permanent conflict of interest between the professional, or a Connected Person, and any of the companies of the Group.

6. In order to determine the existence of any possible disqualifications, the division responsible for the human resources function of the Group company in question shall be informed thereof prior to the acceptance of any public office. This division shall in turn inform the Compliance Unit or the compliance division of the corresponding company of the Group, as applicable.
Article D.12. Business Opportunities

1. Business opportunities shall be deemed to be all investments or transactions relating to the property or assets of the Group of which professionals become aware in the course of their professional activity, in those cases in which the investment or transaction would have been offered to the Group or it has an interest therein.

2. Professionals may not take advantage of business opportunities for their own benefit or for the benefit of a Connected Person unless previously offered to the Group, and:
   a. the Group has chosen not to take advantage of it without any influence of the professional, or
   b. the division responsible for the human resources function of the Group company in question expressly authorises the professional to take advantage of the business opportunity.

3. Professionals may not use the name of the Company or of companies of the Group or invoke their status as professionals thereof to engage in transactions for their own account or for the account of Connected Persons.

Article D.13. Resources and Means for the Performance of Professional Activities

1. The Group undertakes to make available to its professionals all necessary and appropriate resources and means for them to perform their professional activities.

2. Without prejudice to mandatory compliance with the Group’s specific rules and procedures regarding resources and means, the Group’s professionals agree to responsibly use the resources and means made available thereto, using them solely for professional activities in the interest of the Group and not for private or personal purposes. The Group’s professionals shall avoid any practices, particularly unnecessary activities and expenses, that reduce the creation of value for the shareholders.

3. The Group owns and holds the right to use and operate the computer software and information technology systems, computer equipment, manuals, videos, projects, studies, reports and other works and rights created, developed, perfected or used by its professionals within the framework of their work or based on the information technology facilities of the Group.

4. Professionals shall respect the principle of confidentiality in respect of the characteristics of the rights, licences, software, systems and technological knowledge, in general, owned by the Group or which it has the right to operate. The disclosure of any information relating to such characteristics shall require the prior authorisation of the division responsible for the human resources function of the Group company in question.

5. The use of the information technology equipment, systems, and software made available by the Group to the professionals for the performance of their work, including the facility of access to and operating on the internet, shall conform to standards of security and efficiency, excluding any use, action or information technology function that is unlawful or contrary to the regulations or instructions of the Group.

6. Professionals shall not operate, reproduce, replicate or assign the Group’s information technology systems or applications for purposes unrelated thereto. In addition, professionals shall not install or use on the computer equipment provided by the Group software or applications that are unlawful to use or that might damage the systems or prejudice the image or the interests of the Group, its customers or third parties.

Article D.14. Internal, Confidential and Private Information

1. Non-public information owned by the Group shall generally be deemed to be information for internal use unless it has been classified as confidential or private, and shall any case by subject to professional secrecy and may not be provided by the professional to third parties other than in the normal course of their work, profession, or duties, provided, however, that those to whom the information is disclosed must be subject, by law or under contract, to a duty of confidentiality and that they have confirmed that they have the necessary means to protect it.

2. Information or data that may not be disclosed within or outside the group, may cause harm (financial or reputational) or violates any regulatory or legal requirement, giving rise to the imposition of penalties or claims against companies of the Group, shall be classified as confidential. Highly sensitive or especially valuable information or data, the disclosure of which may cause serious or significant harm, shall be classified as private information.

3. The Group and all its professionals shall be responsible for taking sufficient security measures and for applying the established procedures to protect internal, confidential and private information recorded on physical or electronic systems or prejudice the image or the interests of the Group, its customers or third parties.
media from any internal or external risk of unauthorised access, tampering or destruction, whether intentional or accidental. To such end, the Group professionals shall treat the content of their work as strictly confidential in their relations with third parties.

4. The disclosure of internal, confidential or private information or the use thereof for personal purposes is a breach of this Code of Ethics.

5. Any reasonable indication of a leak of private or confidential information must be reported by those with knowledge thereof to their immediate superior and to the divisions responsible for the security and human resources functions of the Group company in question. The division responsible for the security function must in turn give written notice thereof to the Compliance Unit or to the compliance division of the corresponding company.

6. In the event of severance of an employment or professional relationship, the professional shall return to the Group all internal, confidential and private information, including documents and storage media or devices, as well as the information stored in any corporate or personal electronic device, and the professional's duty of confidentiality shall continue in all cases.

Article D.15. Inside Information

1. All professionals of the Group have the duty to know and comply with the Internal Regulations for Conduct in the Securities Markets, to the extent applicable thereto.

2. Professionals having access to any inside information of the Group, as this term is defined in the Internal Regulations for Conduct in the Securities Markets, shall adhere to the obligations, limitations and prohibitions set forth in said regulation, and shall in particular refrain from:
   a. Preparing or carrying out any kind of transaction in the shares or other negotiable securities of the Group to which such information refers, including the direct or indirect acquisition, transfer or assignment for themselves or third parties of shares or negotiable securities of the Group to which such information refers, or using this kind of information to cancel or change an order relating to said shares or securities given prior to becoming aware of the inside information. They must also refrain from even attempting to engage in such transactions.
   b. Communicating inside information to third parties, except in the instances expressly allowed by the Internal Regulations for Conduct in the Securities Markets.
   c. Recommending to a third party that they engage in any of the transactions referred to in letter a) above or cause another to engage in said transactions based on inside information.

3. The prohibitions established in the previous section apply to any professional having inside information if such professional knows or should have known that it is inside information. They shall also apply to any information regarding other issuers of listed securities that may be deemed to be inside information and to which the professional had access in the ordinary course of such professional's work, profession or duties.

Article D.16. Publicly Broadcast Events

Professionals should be especially cautious in any presentation, participation in professional conferences or seminars, or in any other event that may be publicly broadcast and in which they will participate as Group professionals, and shall seek to ensure that their message is aligned with the Group, reporting sufficiently in advance to the Investor Relations and Communication Division (or such division that hereafter performs the functions thereof) and obtaining prior authorisation from their immediate superior.

Article D.17. Outside Activities

1. Professionals shall devote to the Group all the professional capacity and personal effort needed to perform their duties.

2. The provision of services as employees or professionals, for their own account or for the account of another, to companies or to entities other than the Group, as well as a professional engaging in or participating as an instructor in academic activities when they are related to the activities of the Group or to the duties performed by the professionals therein, must be authorised in advance and in writing by the division responsible for the human resources function of the Group company in question.

The prior approval of the division responsible for the human resources function shall also be required in the following cases:
Article D.18. Separation of Activities

1. The Group, made up of both companies that carry out Regulated Activities and companies that carry out Liberalised Activities, as defined in the next section, undertakes to observe the industry regulations regarding the separation of both types of activities in force in each country in which it has a presence.

2. Generally, for purposes of this Code of Ethics, those activities relating to distribution and transportation in the electricity industry and those of regasification, basic storage, transportation and distribution in the hydrocarbon industry are deemed to be "Regulated Activities". Production and supply activities carried out under a free competition system in both the electricity and the gas industries, as well as the provision of energy recharging services, are deemed to be "Liberalised Activities". For these purposes, the companies of the Group carrying on these activities shall be known as "Regulated Companies" and "Liberalised Companies", respectively.

However, given the differences in the regulation of the energy industries in the various countries in which the Group operates, the specific definition of Regulated Activities and Liberalised Activities and, thus, of Regulated Companies and Liberalised Companies, shall conform to the laws and regulations in force in each country at any time.

3. It is the Group’s responsibility to keep Regulated Activities and Liberalised Activities duly separate within the Group in accordance with the regulations for the separation of activities applicable in each case.

4. Generally and without prejudice to the provisions of the laws and regulations applicable in each country, the rules for the separation of activities are deemed to require that the Group and its professionals:

   a. Ensure independence in the day-to-day management of Regulated Companies and that of those responsible for the management thereof, avoiding the participation by Liberalised Companies in the day-to-day management thereof, without prejudice to the Group’s powers of economic oversight and management over such companies.

      To such end, the Group shall ensure that Regulated Companies have the human, material and financial resources that are adequate and necessary to carry on their day-to-day activities.

   b. Guarantee the independence and protection of the professional interests of the persons responsible for the management of Regulated Companies and of all workers who, under applicable law, deserve special protection by virtue of their duties.

      Take appropriate measures to ensure the protection of sensitive sales information of Regulated Companies that might give a competitive advantage if known by Liberalised Companies.

      In this regard, Regulated Companies may not share sensitive sales information with Liberalised Companies, except where permitted by applicable laws and regulations or disclosed to third parties, in which case such information shall be shared under non-discriminatory conditions.

   c. Ensure that all activities of Regulated Companies are carried out following objective and non-discriminatory standards, avoiding any preferential treatment of Liberalised Companies or their customers.

   d. Keep the books of Regulated Companies and of Liberalised Companies duly separated, as provided by applicable laws and regulations in each country.

      In addition, the Group shall ensure that economic transactions relating to, among other things, the transfer of resources, assets, rights and/or contracts, if any, made between Regulated Companies and the other
companies of the Group, as well as the provision and receipt of services common to them, observe the specific regulations established in each jurisdiction regarding the conditions to which such transactions must be subject.

5. The Group shall, in accordance with the laws and regulations in force in each country in which it carries on Regulated Activities, adopt codes or similar internal rule-making instruments that ensure compliance with the rules for the separation of activities by Group professionals.

The Group guarantees that the codes or rule-making instruments mentioned in the preceding paragraph shall be communicated to and disseminated among the professionals and members of management of Group companies in the respective jurisdictions in which they apply.

In addition, any codes and rule-making instruments that are adopted shall be disseminated externally, in particular, through the websites of the companies of the Group.

**Article D.19. Professionals’ Ethics Mailbox**

1. The Company has established an ethics mailbox in order to promote compliance by its professionals with legal provisions and with the rules of conduct established in this *Code of Ethics* and the reporting of possible improper activities (the “Professionals’ Ethics Mailbox”).

2. The Professionals’ Ethics Mailbox is a channel created for them to report conduct that may involve the commission of an improper act or an act in violation of legal provisions or of the rules of conduct laid down in this *Code of Ethics* and to ask questions that may arise regarding the interpretation thereof.

3. Communications addressed to the Professionals’ Ethics Mailbox may be sent by completing an electronic form that shall be available in the “Ethics Mailbox” section of the Employee’s Portal.

4. The country subholding and head of business companies of the Group with compliance divisions may create their own ethics mailboxes. Such divisions shall report to the Compliance Unit all grievances that they receive through such ethics mailboxes and the investigative files processed, and shall provide all information and documentation requested thereby.

5. Group professionals who have reasonable indications of the commission of any improper act or of any act in violation of legal provisions or of the rules of conduct laid down in the *Code of Ethics* that are specifically applicable to the Group’s professionals must report it to the Compliance Unit or to the corresponding compliance division through the Professionals’ Ethics Mailbox or any of the other mechanisms established by the Company for this purpose.

**Section E. Ethical Commitments of the Group’s Suppliers**

**Article E.1. Suppliers of the Companies of the Group**

1. This section contains the ethical principles that must govern the conduct of the suppliers of the companies of the Group, which must be expressly accepted by them prior to commencing their contractual relationship with such companies.

2. The provisions of this *Code of Ethics* are understood to be without prejudice to such additional conditions or requirements as may be imposed by applicable law, by the practices and rules of the various jurisdictions in which the Group operates and by the respective contract with each supplier, which shall apply in all cases.

**Article E.2. Ethical Commitments of Suppliers**

1. Suppliers shall engage in their commercial relationships in conformity with principles of business ethics and transparent management.

2. Suppliers must comply with the policies of the Group regarding the prevention of corruption, bribery and extortion, as well as the strictest rules of ethical and moral conduct and international treaties, and shall comply with the law applicable to these matters, ensuring the establishment of adequate procedures required for such purpose.

3. Suppliers shall not directly or indirectly promise, offer or pay any bribe to facilitate transactions or other improper payments to any third party or to any professional of the companies of the Group in relation to their contracts therewith.
4. Suppliers shall not directly or indirectly promise, offer or pay any money or valuable property in a corrupt manner in order to (i) influence an act or decision of a third party or a professional of the Group; (ii) obtain an undue advantage for the Group; or (iii) induce a third party or a professional of the Group to exercise influence over the act or decision of a public officer.

5. Suppliers shall not try to obtain any confidential information, particularly including information not available to other bidders, in relation to their contracts with the companies of the Group.

6. Suppliers shall not promise, offer or deliver gifts or objects of value, of any kind, to persons or entities that are officials or employees of government administrations for the purpose of or in relation to the formalisation of their contracts with the companies of the Group.

7. Suppliers may only promise, offer or give reasonable gifts or items that are not exaggerated in value, including entertainment or meal expenses, for the purpose of or in relation to the formalisation of the contract, to persons or entities that are not officials or employees of government administrations and in accordance with all anti-corruption laws and the integrity and ethics policies of the Corporate Governance System. In any case, gifts or items of symbolic value must have a legitimate business purpose.

Article E.3. Conflicts of Interest of Suppliers

Suppliers must maintain mechanisms ensuring that the supplier’s independence of action and full compliance with applicable law will not be affected in the event of a possible conflict of interest between the interest of the supplier and the personal interest of any of its employees.

Article E.4. Duty of Secrecy of Suppliers

1. Information owned by the Group and disclosed to the supplier shall, as a general rule, be deemed to be private and confidential information.

2. Suppliers and all of their respective professionals shall be responsible for adopting adequate security measures to protect such private and confidential information.

3. The information provided by suppliers to their contacts within the Group shall be true and shall not be given with the intent to mislead.

Article E.5. Labour Practices of Suppliers

1. Suppliers must take steps and adopt all measures within their organisation required to eliminate all kinds or forms of forced or compulsory labour, understood as any work or service demanded from an individual under threat of any negative consequence if such work or service is not provided.

2. Suppliers shall expressly reject the use of child labour within their organisation, shall respect the minimum hiring age limits in accordance with applicable law, and shall have adequate and reliable mechanisms in place to verify the age of its employees.

3. Suppliers shall respect the freedom of union association and the workers’ right to collective bargaining, subject to the law applicable in each case.

4. Suppliers must reject all discriminatory practices in employment and occupational matters and treat their employees fairly and with dignity and respect. For purposes hereof, discrimination shall include any distinction, exclusion or preference by reason of race, colour, sex, religion, political opinion, national extraction or social origin which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.

5. Suppliers shall assess the implementation of reconciliation measures that promote respect for the personal and family life of their employees and facilitate the achievement of an optimal balance between the latter and the work responsibilities of women and men, with respect for applicable laws and local practices, and shall not in any case eliminate the measures established at the time of becoming a supplier of the Group.

6. Suppliers shall pay their employees in accordance with the provisions of applicable wage laws, including minimum wages, overtime and social security benefits.
Article E.6. Health and Safety Commitments of Suppliers

1. Suppliers shall ensure the protection of their employees, avoiding their overexposure to chemical, biological or physical hazards or to tasks demanding excessive physical effort at the workplace.

2. Suppliers shall identify and evaluate potential emergency situations at the workplace and shall minimise the possible impact thereof by implementing emergency response plans and procedures.

3. Suppliers must provide their personnel with the training and means required to do their work as agreed under contract, and shall be liable for any damage or loss attributable thereto by action or omission, especially as a consequence of not having taken appropriate preventive measures to avoid it.

Article E.7. Environmental Commitment of Suppliers

1. Suppliers must strictly comply with all environmental obligations applicable thereto and have an effective environmental policy or sufficient equivalent measures based on the products and services supplied.

2. Suppliers shall identify and manage those substances and other materials that present a hazard when released into the environment in order to ensure that they are handled, transported, stored, recycled or reused, and disposed of safely and in compliance with applicable regulations. All waste materials, waste water or emissions having the potential to adversely affect the environment shall be appropriately managed, controlled and treated, endeavouring to reduce the carbon footprint that they may generate.

Article E.8. Quality and Safety of Products and Services Supplied

All products and services delivered by suppliers shall meet the quality and safety standards and parameters required by applicable law, with special emphasis being placed on adherence to agreed prices and delivery dates.

Article E.9. Subcontracting

1. Suppliers of the Group shall be responsible for ensuring that their own suppliers and subcontractors are subject to principles of conduct equivalent to those established in this section.

2. The actions performed and the procedures used by suppliers to comply with their obligations towards the Group may not entail an indirect or intermediate violation of this Code of Ethics, the corporate policies or the other rules of the Corporate Governance System.

Article E.10. Suppliers’ Ethics Mailbox

1. The Company has established a suppliers’ ethics mailbox (the “Suppliers’ Ethics Mailbox”) as a channel of communication so that suppliers of the Company and the companies that they in turn hire to provide services or supplies to the Company (the “Subcontractors”), their respective employees, and companies that have participated in service or supply bidding to be suppliers may report conduct that may involve a breach by a Group professional of the Corporate Governance System or an illegal act or the commission by a supplier, one of its Subcontractors or their respective employees of an illegal act or act in violation of the provisions of this Code of Ethics within the framework of their commercial relationship with the Company or the companies of its Group.

2. Suppliers must report as promptly as possible the above conduct of which they become aware due to their commercial relationship with the Company or the Companies of its Group.

3. By contracting with the Company, suppliers undertake to inform their employees and their Subcontractors of the contents of sections A, E and F of this Code of Ethics and the existence of the Suppliers’ Ethics Mailbox, as well as to require their Subcontractors to inform their employees thereof. In addition, suppliers must be able to verify compliance with such obligations at the request of the Company.

4. Suppliers and Subcontractors may also use the Suppliers’ Ethics Mailbox to make queries or comments regarding the content of sections A, E and F of this Code of Ethics.

5. The country subholding and head of business companies of the Group that have compliance units or divisions may create their own suppliers’ ethics mailboxes or any other reporting channels that they deem suitable or appropriate for such purpose.

6. Communications addressed to the suppliers’ ethics mailboxes may be sent by filling out an electronic form that
Section F. Common Provisions

Article F.1. Principles Governing Grievances Reported Through the Ethics Mailboxes

1. Communications made through the ethics mailboxes shall always adhere to standards of truthfulness and proportionality, and may not be used for purposes other than seeking compliance with this Code of Ethics or applicable law.

2. In those jurisdictions in which applicable law so allows, grievances made through the ethics mailboxes may be made anonymously.

3. The identity of the person reporting an improper action through any of the ethics mailboxes (if identified) shall be deemed to be confidential information and, therefore, it shall in no event be communicated to the reported party without the consent thereof, thus ensuring non-disclosure of the identity of the reporting party and avoiding any kind of response towards the reporting party from the reported party as a consequence of the report.

4. The Group undertakes not to engage in any direct or indirect retaliation against professionals or suppliers that have used ethics mailboxes to report conduct that must be reported pursuant to the provisions of this Code of Ethics, unless they have acted in bad faith.

5. Without prejudice to the foregoing, the data of the persons making the communication, if known, may be provided to governmental or court authorities, to the extent required by such authorities as a consequence of any proceeding stemming from the subject matter of the report, as well as to persons involved in any kind of subsequent investigation or court proceeding initiated as a consequence of the investigation. Such provision of data to government or court authorities shall in all cases be provided in full compliance with personal data protection legislation.

Article F.2. Processing of Grievances Reported Through the Ethics Mailboxes

1. The Compliance Unit shall process grievances reported through the ethics mailboxes. If the grievance affects a member of the Compliance Unit, such member may not participate in the processing thereof.

2. If the report affects a member of the Company’s Board of Directors, the chair of the Unit shall inform the secretary of the Board of Directors to this end in order for the secretary to assist the chair in the processing of the investigative file, and specifically to select the investigating officer, who shall be a person from outside the Group to guarantee independence. The same rules shall apply to the outside directors of the other companies of the Group, in which case the competent director of Compliance shall inform the secretary of the company in question for the same purpose.

3. If the matter affects a country subholding or head of business company of the Group that has its own compliance division, the Compliance Unit shall send the communication to such division in order for it to proceed with evaluation and processing in accordance with its own rules. Notwithstanding the foregoing, if the matter affects more than one country subholding or head of business company of the Group that has a compliance division, the processing of the file shall be coordinated by the Compliance Unit.

4. The processing of grievances made through any of the ethics mailboxes of the country subholding or head of business companies that have their own compliance division shall be handled by the latter.

5. In all investigations, the rights to privacy, due process and the presumption of innocence of the persons investigated shall be guaranteed.
Article F.3. Interpretation and Integration of the Code of Ethics

1. This Code of Ethics shall be interpreted in accordance with the Company’s Corporate Governance System.
2. The Compliance Unit is the body responsible for the general interpretation and integration of the Code of Ethics.
3. By way of exception to the foregoing, the management decision-making bodies of each of the companies of the Group are to provide a binding interpretation of the provisions set forth in section C in a manner consistent with the rest of the text of this Code of Ethics.
4. The interpretative opinions of the Compliance Unit, which must take into account the provisions of the Purpose and Values of the Iberdrola group, shall be binding on all professionals and suppliers of all of the companies belonging to the Group.
5. This Code of Ethics, by its nature, does not deal with potential situations but rather establishes the standards to guide the conduct of the persons subject thereto in their relations with the Group and with third parties by reason of their connection to the Group, and to resolve any issues that might arise in the performance of their professional activities.
6. Any question that arises for the Group’s professionals regarding the interpretation of this Code of Ethics should be discussed with the Compliance Unit, through the director thereof, or, when appropriate, with the compliance divisions of the country subholding companies or head of business companies of the Group.
7. The codes of ethics of country subholding or head of business companies of the Group that are not identical to this Code of Ethics because they include specific provisions to conform the content thereof to applicable domestic legal or industry-specific provisions shall be interpreted by any compliance divisions at such companies, although the interpretation of the provisions of this Code of Ethics shall always be reserved to the Compliance Unit.

Article F.4. Instructions in Contravention of the Code of Ethics

1. No third party, regardless of rank or position, shall request that a director or a professional of the companies of the Group commit an unlawful act or breach of the provisions of the Corporate Governance System, especially this Code of Ethics.
2. In turn, no director, professional or supplier of the companies of the Group may justify improper or unlawful conduct or conduct that contravenes the provisions of the Corporate Governance System in reliance on an order from a superior or from any director or professional of the companies of the Group.

Article F.5. Acceptance

1. Directors, professionals of the companies of the Group and the suppliers thereof expressly accept the rules of conduct established in this Code of Ethics that are applicable thereto.
2. Professionals who join or hereafter become part of the Group and suppliers contracting with companies of the Group shall expressly accept the rules of conduct set forth in sections D and E, respectively, of this Code of Ethics.
3. Directors shall receive a complete copy of this Code of Ethics, for which they shall deliver a signed receipt.
4. An extract of this Code of Ethics, made up of sections A, B, D and F, shall be annexed to contracts with the professionals of the companies of the Group.
5. In the case of suppliers of the companies of the Group, an extract made up of sections A, E and F shall be annexed to their respective contracts.

Article F.6. Approval and Amendment

1. This Code of Ethics shall be periodically updated based on proposals made by the Compliance Unit, which shall review the content of sections A, B, D, E and F at least once per year, as well as on the suggestions made by the professionals of the Group and the suppliers thereof in relation to the sections applicable thereto.
2. The Sustainable Development Committee, the Internal Audit Area and the Compliance Unit shall be able to make proposals to improve or to foster the adaptation of the Code of Ethics as a whole.
3. The amendment of this Code of Ethics shall in any case fall within the purview of the Board of Directors.
This Code of Ethics was approved at a meeting of the Board of Directors of the company held on 27 February 2002 and was last amended on 24 April 2019.
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Introduction to the Corporate Policies
1. Iberdrola’s Corporate Governance System is its own internal framework of rules, and 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 the realisation of its purpose and values.

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, directions and standardised solutions for questions that are recurring or of special importance in the administration and management of the company, as well as for the best implementation of the Purpose and Values of the Iberdrola group, channelling the behaviour of shareholders, directors and other professionals as well as relations with all of the Stakeholders.

3. As a result of this function of threading together and shaping ideas and values into modes, patterns and standards of conduct, the corporate policies play a fundamental driving role in the Corporate Governance System.

   In fact, the corporate policies are a rationalisation of management decisions within different fields and issues that require them due to the nature thereof, and to that same extent entail a positive limitation of the required discretion that the directors and professionals of Iberdrola must have in the performance of their duties.

   At the same time, as a result thereof they also define secure guidelines for conduct, which, if adhered to, can lead to the prima facie presumption of conformance and suitability of the corresponding actions to the purpose, the values and the corporate interest of Iberdrola, to the realisation and fulfilment of which they contribute.

4. The approval of the corporate policies is entrusted, pursuant to applicable law and with the exceptions contained in the Director Remuneration Policy and the Statutory Auditor Contracting and Relations Policy, to the Board of Directors, with the participation of specialised committees, particularly the Audit and Risk Supervision Committee and the Sustainable Development Committee, all without prejudice to the power of the shareholders acting at a General Shareholders’ Meeting, who are ultimately responsible for the approval or rejection of corporate management.

5. Like the rest of the Corporate Governance System, albeit with greater intensity given their nature, 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 them to the changing circumstances within which Iberdrola works as a comprehensive enterprise with three dimensions: business, corporate and institutional. The Company has in place, uses and promotes multiple channels and pathways of dialogue with all of its Stakeholders for these purposes.

6. Iberdrola’s corporate policies, which 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 sustainable development), and bind all those who act with it or are related thereto, to the extent applicable to them.

In Bilbao, on 21 July 2020

The Board of Directors of Iberdrola, S.A.
# Part I. Corporate Governance and Regulatory Compliance Policies

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1. General Corporate Governance Policy

24 June 2020

The Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve the corporate policies.

Purpose and General Principles

1. Purpose

This General Corporate Governance Policy (the "Policy") contains the strategy and commitments in this area both of Iberdrola and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the "Group").

Iberdrola requires and hopes that its shareholders and other persons holding rights or interests in shares of the Company, and, to the extent applicable, intermediaries, managers and depositaries, respect and comply with the provisions of this Policy in their relations therewith.

2. General Principles of the Corporate Governance Strategy

All of the companies of the Group conceive of corporate governance as an element in service of the corporate interest, which Iberdrola conceives as the common interest of all shareholders of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account other stakeholders related to its business activity and its institutional reality, in accordance with the Purpose and Values of the Iberdrola group and the Group’s commitment to a social dividend, and particularly to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

Iberdrola’s Corporate Governance System rests upon the application of the highest ethical standards and upon compliance with the good governance recommendations generally recognised in international markets, adjusted to the needs and the business reality of the Group, which crystallises in a systematic regulatory system made up of the By-Laws, the Purpose and Values of the Iberdrola group and the Code of Ethics, the corporate policies, the governance rules of the corporate decision-making bodies and of other internal functions and committees, as well as those of compliance. This set of rules is intended to implement the corporate governance strategy of Iberdrola and its Group in the following areas:

a. As regards the shareholders of the Company: Iberdrola considers the effective engagement of shareholders in its corporate life to be a primary objective, and proactively seeks two-way interaction with the Company’s shareholders in order to encourage their sense of belonging through ongoing and effective dialogue with them that helps align their interests and those of the Company, in accordance with the Shareholder Engagement Policy.

The Corporate Governance System also contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of the companies of the Group that are not wholly owned, to the extent that they may not be fully aligned with those of the Company.

b. In relation to stakeholders: Iberdrola and the other entities belonging to the Group seek to engage all stakeholders in its business enterprise, and in this way, to take into consideration their legitimate interests and effectively disclose information regarding the activities and businesses of the Group. This engagement is implemented in accordance with the principles set out in the Stakeholder Relations Policy, a set of rules based on two-way communication and on principles of transparency, active listening and equal treatment.

In particular, as regards relations between the Group and the tax authorities, Iberdrola has a specific set of rules, the Corporate Tax Policy, based on the idea that the taxes that the Group pays in the countries and territories in which it does business are its main contribution to the funding of public purpose needs and, accordingly, one of its main contributions to society.
c. As regards the separation of duties and decentralised management within the organisation: Iberdrola duly separates the duties of effective management and supervision, as well as the central strategy function and decentralised executive responsibilities, with a Group structure inspired by the principle of “subsidiarity” and respect for the corporate autonomy of the entities that comprise it.

Iberdrola scrupulously respects the legal and functional separation of regulated companies and the autonomy that other companies of the Group should have, especially those that are listed, for this purpose providing specific mechanisms and procedures to prevent, identify and resolve conflicts of competition and interest, whether of an exceptional or a structural and permanent nature.

d. As regards regulatory and ethical compliance: the Group endeavours to ensure compliance with the law and with the ethical commitments made by virtue of the provisions of the Code of Ethics.

For this purpose it has a compliance system made up of all of the rules, formal procedures and significant actions intended to ensure that its conduct is in accordance with ethical principles and legality, as well as to prevent improper conduct or conduct in which professionals of the Company might engage within the Group that is contrary to ethics, the law or the Corporate Governance System (the “Compliance System”).

The Compliance Unit, a collective permanent and internal body linked to the Sustainable Development Committee of the Board of Directors, is responsible for proactively endeavouring to ensure the effective operation of Iberdrola’s Compliance System. It has the broadest powers, budgetary autonomy and independence of action to meet its goals.

The Compliance Unit and the compliance divisions of the other companies of the Group perform their duties in keeping with the principles of cooperation and coordination, and observing the corporate autonomy of all companies of the Group.

e. In relation to fostering a culture of talent management and promotion: Iberdrola seeks diversity, equal opportunity and the promotion of excellence at all levels, including the governance bodies. Along these lines, the Board of Directors seeks an appropriate balance in the composition thereof, as well as regular staggered renewal, and endeavours to ensure a diversity of nationalities, gender and professional experience in its composition, in that of its committees and in that of the other decision-making bodies of the Company, as a reflection of the social and cultural reality of the Group.

In the area of remuneration, the Company articulates its Director Remuneration Policy and its Senior Management Remuneration Policy on principles that combine motivation, loyalty-building and the objective evaluation of management and performance with dedication and achievement of the goals and results of the Company and its Group, within the context of their international activities.

f. As regards transparency: the commitment to business ethics and sustainable development and, in particular, the principles of business honesty and transparency as drivers of credibility and mutual trust, are the foundations on which Iberdrola builds relations with all of its stakeholders.

Along these lines, the Corporate Governance System entrusts to the Board of Directors the highest-level supervision of the information provided to shareholders, institutional investors and the markets in general, safeguarding, protecting and facilitating the exercise of their rights and interests within the framework of the defence of the corporate interest, endeavouring to ensure truthfulness, promptness, clarity, symmetry and respect for the principle of equal treatment in the dissemination of information.

The Group also prepares and disseminates significant and reliable non-financial information regarding its performance and activities. In particular, the statement of non-financial information, which the Board of Directors formulates and submits for the approval of the shareholders at the General Shareholders’ Meeting, seeks to reflect the Company's social, environmental and sustainability performance, as well as the social dividend generated and shared with the stakeholders.

g. As regards innovation and digital transformation: Iberdrola conceives of innovation as a strategic variable that affects all of its businesses and activities, including its corporate governance practices. It therefore encourages the digital transformation of the General Shareholders’ Meeting and the other channels for participation by the shareholders, promoting participation through the internet and smart devices.

For the Board of Directors and its Committees, the Company promotes the use of new technologies, particular the directors’ website, as a fundamental tool for the efficient performance of their duties.
Part I. Corporate Governance and Regulatory Compliance Policies

Commitments in Relations with the Company’s Shareholders

3. Promotion of Transparency in Relations with the Shareholders

The Board of Directors has recognised a strategic goal of paying continuous attention to the transparency of information and of relations with its shareholders and with institutional investors, which are governed by the provisions of law and the Corporate Governance System and, specifically, by the principles set out in the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors and in the Shareholder Engagement Policy.

For their part, shareholders must exercise their rights vis-à-vis the Company and other shareholders, and must comply their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with law and with the Corporate Governance System, to the extent applicable thereto.

The Company desires and aspires for shareholders to act with entire transparency vis-à-vis the Company and the other shareholders, and report to the Company the terms and conditions associated with the acquisition and holding of financial, voting and related rights, without prejudice to their legal duty to disclose significant interests, the identity of the ultimate and actual owner of the Company shares, any other securities entitling the holders to acquire or subscribe for shares or other interests therein, as well as the voting rights that may be exercised by them. It is also expected that they disclose the status or capacity in which they hold such shares, securities, rights or interests.

Specifically, every shareholder and every holder of an interest in shares of the Company or of voting rights therein, even if not a shareholder, must be prepared, as an expression of the holder’s commitment to transparency and the corporate interest, to disclose and provide to the Company specific, full and accurate information on the aspects described below:

a. In the event of the acquisition of voting rights representing a percentage equal to or greater than one per cent of the share capital or total voting rights, whether the holder is also the full owner of the respective shares or has assumed the risk and peril thereof, as well as the type of instrument used for such acquisition.

b. In the event that any agreement is executed or any kind of financial instrument is acquired that grants the right to acquire or transfer shares, interests in shares or voting rights or to exercise or control the exercise of voting rights of the Company representing a percentage of the share capital or of voting rights equal to or greater than one per cent, whether individually or in the aggregate, the terms and conditions of such agreement or instrument.

c. In the event that the threshold of ten per cent and successive multiples of five per cent of the share capital or of voting rights is exceeded, whether the holder has a plan to acquire control of the Company or intends to continue to acquire shares, interests in shares or voting rights, and the periods during which the holder intends to do so. The holder must also be willing to provide information regarding the funds allocated to the acquisition of the shares, interests in shares or voting rights, charges and encumbrances created on the foregoing and any additional information that may be relevant to assess the nature of the interest acquired. In addition, the holder must also report any intention of influencing the composition of the Board of Directors of the Company, its strategy or its financial or management policies. Finally, the holder must report any subsequent changes with respect to what was previously reported.

d. In the event that the formal owner of the shares, of the interests in shares or of the voting rights holds such status in a fiduciary or any other similar capacity, to disclose to the Company the name of the ultimate and actual owners of the shares, interests in shares or voting rights.

Commitments regarding Separation of Duties and Checks-and-Balances

4. The Board of Directors

The Board of Directors, the body with the broadest powers to administer the Company, focuses its activity on approving the strategic goals of the Group, on defining its organisational model, and on supervising compliance therewith and
further development thereof. In the performance of its duties, it pursues the corporate interest and acts with unity of purpose and independent judgement, affording equal treatment to all shareholders in the same situation.

It is composed of persons with recognised prestige and professional competence, who act with independent judgement in the performance of the duties inherent to their position. The composition thereof seeks a diversity of nationalities, gender and professional experience, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of matters within its purview.

The stability of the Board of Directors is a primary objective. Therefore, the Company has adopted a number of measures so that each year the shareholders at the General Shareholders’ Meeting decide on the appointment or re-election of approximately one-fourth of the directors.

The Company also has a succession plan for non-executive directors, which attempts to ensure that the renewal thereof occurs on a staggered and orderly basis, anticipating expected vacancies (due to reaching the indicative age of seventy years established for these directors as the age after which the Board of Directors will evaluate the continuation thereof or due to exceeding twelve years of continuous time in office, which means that they cannot be classified as independent).

In addition, the Board of Directors has approved a succession plan for the chairman of the Board of Directors & chief executive officer, which shall apply if he gives early notice of his desire to resign from his position, or in the event of non-occasional and unexpected non-availability.

The text of both plans is set out in Annex I to this Policy.

Finally, both the chairman of the Board of Directors & chief executive officer as well as the members of senior management and other persons holding key positions have a person who can replace them in their duties in the event of a limited absence. Each of the replacements has been chosen based on the personal and professional competence thereof.

5. Positions on the Board of Directors

a. Chairman of the Board of Directors & Chief Executive Officer

The chairman of the Board of Directors carries out the senior management of the Company and is the representative thereof, directs debates and ensures the proper operation of the Board of Directors and of the Executive Committee, which he also chairs.

In his capacity as chief executive officer, he regularly submits the management report to the management decision-making bodies and, if appropriate, makes proposed decisions regarding the matters within their purview.

b. Non-Executive Vice-Chair of the Board of Directors

The duties that the Regulations of the Board of Directors attribute to the non-executive vice-chair include the duty to temporarily replace the chairman of the Board of Directors, with all of the powers and duties thereof, in the event of non-occasional and unexpected vacancy, absence, illness or incapacity in chairing the General Shareholders’ Meeting as well as the Board of Directors and the Executive Committee, thus avoiding any possible risk of a temporary power vacuum.

c. Business CEO (consejero-director general de Negocios del Grupo)

The Board of Directors has an executive director who acts as Business CEO, with overall responsibility for all of the businesses of the Group.

d. Lead Independent Director

A lead independent director (consejero coordinador), appointed from among the independent directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, has the powers vested therein by the By-Laws and the Regulations of the Board of Directors, which go beyond those required by law.

e. Secretary of the Board of Directors

The secretary of the Board of Directors endeavours to ensure the formal and substantive legality of the actions of the Board of Directors and the conformance thereof to the Corporate Governance System, as well as coordination among the secretaries of the committees of the Board of Directors.
6. Committees of the Board of Directors

The Board of Directors has an Executive Committee and four consultative committees: the Audit and Risk Supervision Committee, the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee, the composition, powers and operation of which are governed by their respective regulations, which are approved by the Board of Directors.

The Executive Committee is a basic corporate governance instrument of the Company, the basic function being to support the Board of Directors in supervising the implementation of the strategy defined thereby, ensuring the continuous implementation thereof throughout the year. Therefore, the Executive Committee meets more frequently than the Board of Directors.

The chair of the Executive Committee informs the Board of Directors of the matters dealt with and the resolutions adopted at the first meeting of the Board held after the meetings of the Executive Committee.

7. Corporate and Governance Structure and Business Model of the Group

The corporate organisation of the Group, which forms an essential part of the Corporate Governance System, is comprised of:

a. the Company, which is configured as a listed holding company, the main function of which is to act as the entity owning the equity stakes in the country subholding companies;

b. the country subholding companies, which in turn group together the equity stakes in the Group’s head of business companies; and

c. the head of business companies.

This corporate configuration is intended to favour an agile and rapid decision-making process in day-to-day management within the purview of the head of business companies, while at the same time ensuring appropriate coordination at the Group level as a result of the supervisory duties performed by the Company’s country subholding companies.

Based on this corporate structure, the Group’s governance model is governed by the principles described below, which duly distinguish between the duties of supervision and control, on the one hand, and day-to-day and effective management, on the other:

a. Vesting within the Board of Directors of powers relating to approval of the strategic goals of the Group, the definition of its organisational model and the supervision of compliance therewith and further development thereof.

b. Assumption by the chairman of the Board of Directors & CEO, with the technical support of the Operating Committee, by the Business CEO, with overall responsibility for all of the businesses of the Group, and by the rest of the management team, of the duty of organisation and strategic coordination within the Group.

c. The function of strategic organisation and coordination is strengthened through the country subholding companies in relation to those countries and businesses decided by the Board of Directors.

d. The head of business companies of the Group assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of each of the businesses and are responsible for the day-to-day control thereof.

Within the Group’s corporate and governance structure, the Operating Committee is an internal committee of the Company, the essential function of which is to provide technical, information and management support to the chairman of the Board of Directors & chief executive officer, in order to facilitate the development of the Group’s Business Model. The composition and duties thereof are described in the Internal Rules on Composition and Duties of the Operating Committee.

8. Checks and Balances System

The structure of the Board of Directors, with a broad majority of independent directors, the configuration of its positions, the existence of consultative committees, the corporate and governance structure and the Group’s Business
model described above articulate a system of checks and balances ensuring that neither the chairman of the Board of Directors & CEO nor the Executive Committee have a decision-making power that is not subject to appropriate controls and balances, ensuring that both are under the effective supervision of the Board of Directors.

In particular, the roles of non-executive vice-chair and of lead independent director serve as a counterbalance to that of the chairman when the chairman is an executive director, ensuring that the activities thereof are subject to proper controls.

Along the same lines, the corporate and governance structure of the Group itself is designed such that management power is not centralised within a single governance body or a single person, but rather is decentralised among the boards of directors of the head of business companies, the Company’s main function being the supervision, organisation and strategic coordination of the Group.

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This Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 24 June 2020.
Annex I

Self-organisation Rules of the Board of Directors

Succession Plan for Non-Executive Directors

Each of the non-executive directors undertakes to tender their resignation to the Board of Directors at the first meeting it holds after they reach seventy years of age or twelve years as a director of the Company.

Cessation in office of a director as provided in the preceding paragraph shall not give rise to the right to receive any severance payment for this reason.

On periodic basis, and at least once per year, the Appointments Committee shall review whether it can be expected that any of the non-executive directors will cease to perform their duties during the financial year due to issues of age or time in office or for any other reason.

In such case the Appointments Committee shall drive the selection process established in the Board of Directors Diversity and Member Selection Policy to identify a candidate in replacement thereof with sufficient time to ensure an orderly succession.

Succession Plan for the Chairman of the Board of Directors & Chief Executive Officer

If the chairman of the board of directors & chief executive officer gives early notice of his desire to resign from his position, the succession thereof shall be planned and coordinated a specific committee, which shall be convened and chaired by the lead independent director and shall be made up of the lead independent director, the chairs of the consultative committees of the Board of Directors and the chairman & CEO himself.

The committee may contract for the advice of an independent expert to be paid for by the Company.

Within a period of not more than thirty days from the chairman of the Board of Directors & chief executive officer giving early notice of his desire to resign from his position, the committee shall provide to the Board of Directors a specific proposal regarding the replacement thereof, which must take into consideration the special personal and professional skills of the candidate and the ability thereof to lead the development and implementation of the strategic plan in effect. In particular, the committee shall favourably value those candidates that are directors or management personnel of the Company or of other companies of the Group and that have been linked thereto as directors or professionals for at least five years.

In the event of non-occasional or unexpected unavailability of the chairman of the Board of Directors & chief executive officer, the non-executive vice-chair, or in the absence thereof the director having the longest length of service, and if equal lengths of service, the oldest, shall temporarily assume the chairmanship of the Board of Directors, which must be convened to meet within a period of not more than forty-eight hours from the time that such unavailability becomes known. The agenda of this meeting shall include the identification of the person temporarily assuming the duties of chief executive, and the planning of the definitive succession shall be entrusted to a specific committee upon the terms described above.

Limits on Travel by the Members of the Board of Directors using the same Means of Transport

The following may not travel together on the same means of transport:

a. One-half or more of the members of the Board of Directors.
b. One-half or more of the members of the Executive Committee.
c. The chairman and the vice-chair of the Board of Directors.
d. The secretary and the deputy secretary of the Board of Directors.
“Means of transport” shall mean any vehicle used for the transport of persons by land, sea or air, including automobiles, buses, trains, ships and aeroplanes (whether commercial or private).

**IT Security and Privacy Rules**

The following mandatory rules and limitations are established on the use by the directors of the software and on-line systems, applications and elements relating to the performance of their duties, and particularly on accessing the directors’ website and information of the Group, as well as on participating in meetings of the Board of Directors or of the committees thereof:

a. Directors must follow the instructions established and communicated to them by the Company concerning access, security, operation and use of the hardware and software, including computer programs, access to websites, applications and mobile communication devices.

b. Before using private data transmission devices to access the Company’s systems and applications, they must inform the Office of the Secretary of the Board of Directors and comply with the security and privacy protocols established by the Company.

c. At the meetings of the Board of Directors and of the committees thereof, as well as at any other meeting in which the directors of the Company participate in their capacity as directors, they must observe the security and privacy protocols established by the Company, which may contemplate that mobile telephones and data transmission devices in general are to be switched off during the entire duration of such meetings, as well as restrictions on receiving or making calls or connections during the meetings.

The Company shall respect and protect the privacy of directors’ communications and data in the use of the software and on-line systems, applications and elements it makes available to them.
Annex II

Specific Rules regarding the Use of Remote Communication Systems to Hold Meetings of the Board of Directors and of the Committees thereof

Rule One. Forms of Holding Meetings

1. Meetings of the Board of Directors and of the committees thereof shall be held in person at the place indicated in the call to meeting.

2. If so decided by the chair of the decision-making body in question on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same meeting.

3. The call to meetings to be held at several places connected among themselves shall prioritise the use of rooms available at facilities of the Iberdrola group’s companies and the use of systems in the following order of priority: telepresence, video-conference and conference calls.

Rule Two. Attendance at Meetings by Remote Communication Systems

1. On an exceptional basis, based on the circumstances in each case, the chair of the decision-making body in question may authorise the attendance at the meeting of one or more directors by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time.

2. For this purpose, efforts shall be made for the director who must attend a meeting using remote communication systems to connect from a room available at the facilities of the Iberdrola group.

3. If this is not possible or appropriate, the chair of the decision-making body in question may authorise the connection from other locations using devices provided by the Company (computer, tablet or mobile phone), giving priority to the use of video-conference systems, and allowing telephonic means (without image) on an exceptional basis.

4. The chair of the decision-making body in question may approve the use of other access systems on justified grounds, provided that this does not endanger the confidentiality of the meeting.

5. These instructions must be observed for the attendance of guests at meetings of the Board of Directors and of the committees thereof.

Rule Three. Confidentiality

1. If the attendance of directors or guests at any meeting of the Board of Directors or of the committees thereof does not take place at the facilities of the Iberdrola group’s companies, the attendees shall be responsible for taking the measures necessary to ensure the confidentiality of the meeting.

2. For this purpose, they must connect from a private, closed and silent room that ensures the confidentiality of the deliberations, resolutions and materials used at the meeting and without the presence of third parties.
Rule Four. Identification of Attendees

1. The secretary for the meeting shall be responsible for identifying the remote attendees at the beginning of the meeting and, in the case of guests, when they connect. If the secretary connects remotely, the chair of the meeting shall be responsible for the identification thereof.

2. If there are reasonable concerns regarding the identity of an attendee at the meeting, the chair may decide that they must leave the meeting.

Rule Five. Conduct of the Meeting

1. In the interests of good order and conduct of the meetings held using remote communications systems, the attendees (whether directors or guests) must observe the measures indicated by the chair of the decision-making body, including, by way of example and not limitation, the disconnection of calls placed on hold or muting the microphones of the devices from which they are connecting.

2. Meetings at which remote communications systems are used may not be subject to any type of recording, storage, broadcast or dissemination.

3. If a director attending remotely must leave the meeting during deliberations or voting on a matter pursuant to the provisions of the Regulations of the Board of Directors, the director must disconnect from the meeting. The secretary for the meeting must verify the disconnection and record it in the minutes.

4. The secretary for the meeting shall be responsible for verifying that guests attending meetings remotely do so at the part of the meeting decided by the chair.

5. The chair of the meeting may suspend or end the meeting at any time due to technical incidents that prevent the proper conduct thereof or endanger the confidentiality of the deliberations, the resolutions or the materials used.

6. If a technical incident definitively prevents the connection of the chair of the meeting with the other attendees, the meeting shall automatically be deemed to have ended. The secretary shall record this in the minutes, and no additional resolution or action shall be required. In other instances, the chair of the meeting shall be responsible for deciding whether to continue with or to suspend the meeting.

Rule Six. Compliance with Rules

Prior to connecting to any of the meetings of the Board of Directors or of the committees thereof (or immediately after connecting, if not possible beforehand), the attendees (whether directors or guests) must confirm that they are aware of and undertake to comply with the rules described above.

Rule Seven. Interpretation

The chairman of the Board of Directors shall be responsible for the final interpretation of these rules. Without prejudice to the foregoing, if any issues arise regarding the interpretation hereof which must be resolved during the meeting and the chairman of the Board of Directors is not in attendance because it is a meeting of another decision-making body, they shall be resolved by the person chairing the meeting, and in the absence thereof, by the secretary of the decision-making body in question.
2. Shareholder Engagement Policy

17 December 2019

The Board of Directors of IBERDROLA, S.A. (the "Company") approves this Shareholder Engagement Policy (the "Policy") in order to encourage the engagement of its shareholders in certain areas of the life of the Company.

This Policy, together with the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors, sets out the principles that should govern the two-way interaction between the Company and its shareholders.

The application hereof shall take into account the provisions of law and those contained in the Corporate Governance System and, in particular, in said Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors, as well as in the Regulations of the Board of Directors, the Internal Regulations for Conduct in the Securities Markets, the Code of Ethics and the Internal Rules for the Processing of Inside Information.

The listed country subholding companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the "Group") may establish their own shareholder engagement policy, which must in any case follow the general principles set forth in this Policy.

1. Principles

The Policy rests upon the following principles:

a. A proactive search for two-way interaction between Iberdrola and its shareholders in order to encourage their engagement in corporate life and forge a sense of belonging, maintaining a constructive, ongoing and effective dialogue with them that helps align their interests and those of the Company.

   To this end, efforts shall be made to make use of new technologies allowing for the establishment of effective and fruitful dialogue with the largest possible number of shareholders.

b. Help the Board of Directors to become apprised of the shareholders’ opinions and concerns in the areas of corporate governance and the sustainable development strategy of the Group, such that it may take them into account in the discharge of its duties.

c. Establishes channels of dialogue and participation additional to the General Shareholders’ Meeting that, without detracting from the powers of the shareholders at such Meeting, allow for the encouragement of effective shareholder engagement in the life of the Company.

d. Respect equal treatment in the acknowledgement and exercise of the rights of all shareholders in the same situation and who are not affected by any conflict of interest or competition, establishing appropriate measures to avoid the communication of information that might give some shareholders a privilege or advantage vis-à-vis other shareholders or that might damage the corporate interest.

e. The function of interaction with the shareholders falls within the exclusive purview of the Board of Directors, acting collectively, and of the chairman & chief executive officer thereof, to whom all powers in this regard have been delegated.

   Both the Board of Directors and the chairman & chief executive officer thereof may delegate the exercise of this function to the Finance and Resources Division and therein to the Investor Relations and Communication Division, or to such other Company professionals as they deem advisable, in order for them to manage and promote the effective operation of the channels for shareholder participation. The persons to whom such function is delegated shall periodically report to the chairman & chief executive officer on the messages exchanges with the shareholders, as well as any other significant aspect received during such exchange. The chairman & chief executive officer shall in turn report thereon to the Board of Directors.

f. The directors do not constitute a valid channel for participation, and therefore, they have neither the duty nor the power to interact with the shareholders.
However, if so resolved by the Board of Directors, the Executive Committee or the chairman & chief executive officer, the lead independent director or the other members of the Board of Directors may engage in interaction with specific shareholders regarding issues relating to the Company’s corporate governance and sustainable development, although, as far as possible, the directors who will engage in such interaction shall belong to the committee in charge of the issues to be discussed.

In any case, the statements made by the directors shall only bind the Company when they are expressly supported by a resolution of the Board of Directors or the delegated bodies thereof.

2. Areas of Engagement

Except as provided by law and in the Corporate Governance System, shareholder engagement under the provisions of this Policy shall be limited to the areas of corporate governance and the sustainable development strategy of the Company, both in Spain and in the other countries in which the Group has a presence.

Shareholder engagement in the Company shall in no event serve as a cover for conduct that is contrary to the corporate interest or that seeks the fulfilment of personal and individual interests not aligned therewith.

3. Channels for Engagement

The Company has the following channels for shareholder participation therein, by means of which their involvement in corporate life is encouraged.

3.1 General Shareholders’ Meeting

The General Shareholders’ Meeting is the main channel for shareholder participation in corporate life. All duly accredited shareholders have the right to attend the General Shareholders’ Meeting, with no minimum number of shares being required for such purpose.

When the General Shareholders’ Meeting is an annual meeting, it is held within the framework of Shareholder Day, during which various presentations may be made and activities may be held in order to bring the Company closer to the shareholders and foster a constructive dialogue between them.

The General Shareholders’ Meeting is managed as a sustainable event in accordance with the standards established in the Sustainable Management Policy.

In addition to encouraging the informed and responsible participation of the shareholders at the General Shareholders’ Meeting as provided in the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors, the Board of Directors shall promote two-way interaction with the shareholders through the other participation channels in order to become apprised of the opinions and concerns of the shareholders when drawing up the agenda, preparing the proposed resolutions and making decisions regarding the other details and circumstances in connection with the holding of the General Shareholders’ Meeting.

Furthermore, the Board of Directors shall actively promote shareholder attendance at the General Shareholders’ Meeting and the possibility of shareholder participation therein, pursuant to the provisions of law and the Corporate Governance System. For such purposes, it shall facilitate access to the documents in connection with the General Shareholders’ Meeting and the understanding of the information relating to the matters to be addressed therein, and shall approve the payment of an attendance bonus, if any, for each Annual General Shareholders’ Meeting, determining the nature and amount thereof, in accordance with the policy on payment of attendance bonus included in Annex I to this Policy. It may also carry out other proactive actions designed to encourage maximum participation of the shareholders, such as information campaigns.

The meeting must also be held at premises that offer the best conditions for the progress and monitoring thereof, with a large capacity, and located in the centre of the municipality where the registered office is situated.

The Company shall provide appropriate means to facilitate entry to and exit from the premises where the meeting will be held by all attendees, and particularly, when reasonably possible, by those with reduced mobility. The Company shall also adopt the measures required to allow the participation of attendees with hearing or visual limitations. For this reason, the meeting shall have simultaneous interpreting into Spanish sign language and an audio description for...
attendees with visual limitations. Shareholders with visual limitations may also request the delivery of the announce-
ment of the call to meeting in the Braille system.

The Company may ask a specialised external firm to review the proceedings of the General Shareholders’ Meeting
in order to safeguard shareholders’ rights and transparency.

The Company also offers a live and recorded broadcast of the General Shareholders’ Meeting, in whole or in part,
through its corporate website.

Finally, information is provided at the General Shareholders’ Meeting regarding the activities carried out by the Com-
pany in implementation of the provisions of this Policy.

3.2 Meetings through the OLS (On-Line Shareholders) Interactive
System

The interactive system (OLS – On-Line Shareholders) available on the corporate website can allow the shareholders
(who may access with their user name and password) not only to view and request the information set forth in the
Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors but
also to actively participate in meetings to be held electronically with Company representatives designated by the
Board of Directors or by the chairman & chief executive officer thereof, regarding corporate governance, sustainable
development and other matters that are significant for corporate life and which have an impact on stakeholders and
on the communities and territories in which the Group has a presence.

The Company may set an annual schedule of electronic meetings with shareholders who have registered with the
OLS interactive system, setting forth the matters to be dealt with at each meeting.

All shareholders who have registered with the OLS interactive system may participate in the electronic meetings,
which will be moderated by a representative of the Office of the Shareholder.

3.3 Relations with Shareholder Associations and Institutional
Shareholders

The Company acknowledges the importance of shareholder associations as a suitable vehicle for representation of
retail shareholders and for transmission of their opinions and concerns regarding the Company’s corporate govern-
ance and its sustainable development strategy, and appreciates the existence thereof.

In addition, the existence of institutional shareholders having a stable and continuous presence in the Company’s
shareholder base is welcome to the extent it may allow for the creation of sustained value in the medium and long
term and the establishment of firm mutual bonds of loyalty that do not give rise to conflicts of duties or interest.

Without prejudice to the meetings or other contacts promoted by the Company, both shareholder associations and
institutional shareholders may request, through the Investor Relations and Communications Division, the holding of
meetings with Company representatives designated by the Board of Directors or by the chairman & chief executive
officer thereof, setting forth the specific matters to be addressed therein.

The Company will review such requests and will accommodate them when it so deems appropriate and provided
that, in so doing, the provisions of this Policy are not violated.

In the event that the Company agrees to hold a meeting with a shareholders association or with one or more insti-
tutional shareholders, the Board of Directors or the chairman & chief executive officer thereof shall designate, at
a minimum, two representatives of the Company, who shall be informed of the specific matters to be dealt with and with
whom the content of and the information that may be provided at such meeting shall be agreed, in order to avoid the
transmission of information that might entail the granting of a privilege or advantage vis-à-vis the other shareholders
or that might damage the corporate interest.

In addition to the foregoing, the Board of Directors or the chairman & chief executive officer thereof may develop
long-term engagement plans with shareholder associations and with those institutional shareholders that express
their intent to have a stable and continued presence in the Company and may thus establish appropriate mechanisms
for communication regarding the operations of the Company.

The Company shall provide information regarding the meetings to be held and the establishment of any engagement
plans or communication mechanisms as provided in section 4 below.
3.4 Events Organised by the Shareholders’ Club

The Shareholders’ Club actively encourages two-way interaction between the Company and the shareholders who voluntarily join such Club and are interested in such interaction.

For such purpose, it organises events during which Company representatives and, on occasion, other notable persons, can exchange viewpoints with the members of the Shareholders’ Club and discuss matters relating to corporate governance and the sustainable development strategy of the Company.

3.5 Service through the Office of the Shareholder (Oficina del Accionista).

The Office of the Shareholder, managed by the Finance and Resources Division, is a permanent information system through which shareholders who voluntarily register in its database can be informed of the current progress of the Group, all upon the terms set forth in the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.

3.6 Awareness-raising and Involvement Workshops

The Company organises subject-specific, face-to-face awareness-raising and involvement workshops, which are open to the public at large and in which, through the Office of the Shareholder, shareholder participation is encouraged, debate is promoted and information is provided on matters concerning the activities carried out by the Company, primarily in connection with its sustainable development strategy.

4. Dissemination

The Company shall disseminate through the corporate website all activities intended to seek shareholder engagement in the life of the Company that are conducted in implementation of the provisions of this Policy and are directed to all shareholders.

The Company shall also report on the practical application of this Policy and the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors in the Activities Report of the Board of Directors and of the Committees thereof.

5. Coordination with the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors

All activities carried out through the participation channels described above and, specifically, the content of the information provided to the shareholders within the framework of such activities, shall be properly coordinated with the content of the information provided and the communications made by the Company pursuant to the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.

The Office of the Shareholder shall be the internal body within the Company responsible for such coordination. For such purpose, the Office of the Shareholder shall rely on the support of the Finance and Resources Division or of the Office of the Secretary of the Board of Directors when such support is required by the circumstances.

Additionally, the Investor Relations Division shall periodically report to the chairman of the Board of Directors & chief executive officer regarding the conduct of the activities carried out in implementation of the provisions of this Policy. The chairman of the Board of Directors & chief executive officer shall in turn report thereon to the Board of Directors or to the Executive Committee at such intervals as he deems appropriate.

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This Policy was initially approved by the Board of Directors on 17 February 2015 and was last amended on 17 December 2019.
Annex I

Policy on Payment of Attendance Bonus at the Annual General Shareholders’ Meeting

The amount of the attendance bonus per share at each Annual General Shareholders’ Meeting, which shall be set forth in the announcement of the call to meeting, shall not be greater than one and a half per cent of the nominal value of the share.

The shares included in the list of attendees at the Annual General Shareholders’ Meeting shall have the right to receive the attendance bonus. The Board of Directors, or the persons authorised thereby, may decide to pay the bonus to shares not included in the list of attendees, based on the entry of the holders thereof into the room after the preparation of said list or for other reasons beyond the control of the Company and the shareholder.

There may be an exception to the general principle of paying the attendance bonus, following a resolution of the Board of Directors, if advisable due to the financial situation of the Company or if there are objective exceptional circumstances causing the payment of such bonus not to be an effective incentive to encourage participation at the Annual General Shareholders’ Meeting. In this case, the decision not to pay the attendance bonus for a particular Annual General Shareholders’ Meeting shall be set forth in the announcement of the call to meeting thereof and the rationale for the decision shall be described during the meeting. Furthermore, the re-establishment of the attendance bonus may not be approved until the objective circumstances used as the basis for the suspension thereof cease to exist. In this case, the Board of Directors must explain the reasons motivating the decision on the payment thereof at the next General Shareholders’ Meeting during which the attendance bonus is once again paid.
3. Shareholder Remuneration Policy

15 December 2015

The Board of Directors of IBERDROLA, S.A. (the “Company”) is responsible for preparing the Shareholder Remuneration Policy thereof and making the corresponding proposals for the remuneration of its shareholders.

The Shareholder Remuneration Policy of the Company is based on the following principles:

1. Purpose

The purpose of the Shareholder Remuneration Policy is to link shareholder remuneration to the profits of the Company.

2. Sustainable Creation of Value and Improvement in Profitability

The mission of the companies making up the group of which the Company is the controlling entity, within the meaning established by law, is to lead the sustainable creation of value for society, citizens, customers, shareholders, and the communities in which it does business, equitably compensating all groups that contribute to the success of its business enterprise, and to make new investments considering their social return, generating employment and wealth for society with a long-term vision that achieves a better future without compromising present results.

Within the framework of the above and of the corporate interest, the Company takes into account in its strategic planning specific and measurable economic and financial objectives that always seek improved profitability and the sustainable creation of shareholder value.

3. Conformance to Applicable Legal Provisions

The resolutions adopted by the shareholders at the General Shareholders’ Meeting and by the Board of Directors in implementation of the Shareholder Remuneration Policy of the Company shall in all cases follow the provisions set out in applicable legal rules and the Corporate Governance System, and shall take into consideration good governance recommendations generally recognised in the international markets in this area.

4. Actions of the Board of Directors

The Board of Directors, within the scope of its powers, shall propose to the shareholders at the General Shareholders’ Meeting the decisions it deems most appropriate regarding the distribution of dividends and, if applicable, shall resolve on the payment of interim dividends.

The Board of Directors may also propose other forms of the Company’s shareholder remuneration, including flexible remuneration systems (scrip dividends), programmes for the buyback and cancellation of shares, increases in paid-up capital, distributions in kind, etc., and shall decide on the intervals at which such forms shall be applied.
5. Levels of Shareholder Remuneration

In the absence of circumstances warranting the modification thereof, any of the above forms of shareholder remuneration (pay-out) of the Company must be sustainable, compatible with the maintenance of its financial strength, and in line with the level of companies having a similar business profile. In application of these standards, shareholder remuneration shall be between 65% and 75% of the net profits attributed to the Company, as controlling company, in its consolidated annual accounts.

* * *

This Shareholder Remuneration Policy was initially approved by the Board of Directors on 23 October 2007 and was last amended on 15 December 2015.
4. Policy Regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) has recognised a strategic goal of paying continuous attention to the transparency of information disseminated by the organisation and to relations with its shareholders and with professional or qualified equity, debt and socially responsible investing professionals (the “Institutional Investors”), within the framework of their involvement in the Company, as well as with proxy advisors.

The listed country subholding companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”) may establish their own policy regarding communication and contacts with shareholders, institutional investors and proxy advisors, which must in any case follow the general principles set forth in this Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors (the “Policy”).

1. Principles

The Board of Directors is entrusted with the highest-level management and supervision of the information provided to shareholders, Institutional Investors and the markets in general, and the Company’s communication with these groups in particular, by safeguarding, protecting and facilitating the exercise of their rights and interests within the framework of the defence of the corporate interest, all in accordance with the following principles, which constitute the primary values underpinning the relations of the Company with the markets and with the public in general:

a. Transparency, truthfulness, promptness, symmetry and respect for the principle of equality in the dissemination of information.

b. Equal treatment in the acknowledgement and exercise of the rights of all shareholders in the same situation and who are not affected by any conflict of interest or competition.

c. Protection of the rights and legitimate interests of all the shareholders.

d. Implementation of a general communication strategy for economic/financial, non-financial and corporate information through the information and communication channels provided for in this Policy, which contributes to maximising the dissemination and the quality of the information available to the market, to investors and to other Stakeholders.

e. Promotion of ongoing and permanent provision of information to the shareholders, and not only upon the call to general shareholders’ meetings, by making available to them effective channels to keep them continuously informed of proposed resolutions that are expected to be submitted for the consideration thereof, and also to report conduct that may involve a breach of the Corporate Governance System or the commission by any professional of the Company or of the companies belonging to the Group of any irregularity or of any act contrary to the provisions of the Code of Ethics, upon the terms set forth in the following sections.

f. Seeking cooperation of the shareholders in order for the practices regarding the provision of information and relations with the markets to be transparent, effective and in keeping with the corporate interest.

g. Development of information-technology tools that allow the Company to capitalise on new technologies, keeping it at the forefront in the use of new communication channels.
h. Compliance with the provisions of law and the Corporate Governance System, as well as with the principles of cooperation and transparency with all competent authorities, regulators and government agencies.

The principles listed above apply to the provision of information to and the communication of the Company with shareholders, Institutional Investors and other interested parties, such as financial intermediaries and management institutions and depositaries of the Company’s shares, financial analysts, regulatory and supervisory entities, rating agencies, news agencies, proxy advisors, etc.

Without prejudice to the principles of equal treatment and non-discrimination, the Company may tailor general information and special communication channels and other reporting and communication initiatives based on the various groups for whom they are intended.

As regards regulatory compliance, particular attention shall be given to the rules concerning the processing of inside information and other relevant information in relations with the shareholders and in communication with the securities market set forth in the Regulations of the Board of Directors, the Internal Regulations for Conduct in the Securities Market, the Code of Ethics and the Internal Rules for the Processing of Inside Information.

2. General Information and Communication Channels

2.1 National Securities Market Commission and Other Entities

The first channel for the provision of information by the Company to shareholders, Institutional Investors and the markets in general is the National Securities Market Commission (Comisión Nacional del Mercado de Valores) (“CNMV”), as well as, where appropriate, the channels established by other foreign authorities and supervisory entities. The information that is sent to the CNMV through the publication of notices on its website is immediately disseminated to the public. Notices sent to the CNMV regarding the Company are then included on the corporate website.

2.2 Corporate Website

The corporate website (www.iberdrola.com) is one of the most significant means to channel the relations of the Company with all of its Stakeholders, encourage the engagement thereof in corporate life, reinforce their sense of belonging, strengthen the Iberdrola brand, promote the development of the Group’s businesses and the digital transformation thereof and show the Company’s commitment to the provisions of the Purpose and Values of the Iberdrola group.

The Company uses the corporate website to make available to shareholders, Institutional Investors and the markets in general all information that may be of interest, thus allowing for the prompt publication thereof and the possibility of subsequent access thereto, thereby contributing to transparency as the foremost value informing the Company’s relations with the markets and with the public at large. For these purposes, the information is provided simultaneously and is permanently updated in Spanish and English whenever possible; in the event of discrepancies, the Spanish version prevails.

In particular, the presentations of results within the framework of the interim quarterly management statements and the semi-annual and annual financial reports, as well as any other significant economic/financial presentations, including investor activities on “capital markets day” (or any other name assigned to this event), are broadcast live via the Company’s corporate website, along with simultaneous translation into English, and interested parties are given the opportunity to ask questions. Along these lines, the Company endeavours to keep the broadcast of the full proceedings of each presentation of results available on the corporate website for a reasonable period of time.

Furthermore, an interactive system (On-Line Shareholders – “OLS”) has been made available on the corporate website, through which shareholders (who can access the system using their user name and password) can be easily permitted to:

- View the most frequently asked questions and answers regarding the Company.
- Make queries of or request clarifications from other shareholders, either openly or privately, regarding the matters contemplated in the preceding paragraph or regarding issues relating to their status as a shareholder.
- Access the legal and corporate documentation that they require.
- Make queries regarding the ethical principles governing the Group or make complaints through the shareholders’ ethics mailbox (the “Shareholders’ Ethics Mailbox”).

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e. Request information or clarifications or ask questions regarding items on the agenda for the General Shareholders’ Meeting.

f. Grant a proxy or cast an absentee vote at the General Shareholders’ Meeting.

g. View the General Shareholders’ Meeting directly.

h. Participate in other activities that ultimately seek to promote the engagement of shareholders within the Company, in accordance with the provisions in the Shareholder Engagement Policy.

Pursuant to the provisions of the Regulations for the General Shareholders’ Meeting, the Company shall also make available to the shareholders through the corporate website an application to encourage their informed participation in the General Shareholders’ Meeting and that allows them to exercise their rights to receive information and to participate.

2.3 “Investor Relations App”

The Company makes an “Investor Relations App” available to shareholders and Institutional Investors. Through this continuously updated multi-device communication channel, in Spanish and English, shareholders and Institutional Investors can access information regarding the Company that might be of interest to them, favouring the immediacy of publication and the ability to subsequently access the information.

Through this application, among other things, they can view the presentation of results in real time and view charts showing the Company’s share listing and prices, financial documentation, press releases and notices of inside information or other relevant information.

2.4 Internal Coordination for the Dissemination of News that May Contain Inside Information or Other Relevant Information

In order to ensure that the dissemination of news that may contain inside information or other relevant information is carried out under conditions of transparency, symmetry and in compliance with the provisions of law and the Corporate Governance System (and specifically, the Internal Regulations for Conduct in the Securities Markets), the Company has established the following internal coordination rules:

a. If information generated by the Company can be classified as inside information or other relevant information or if there is any doubt as to the obligation to report it to the CNMV pursuant to law and the Corporate Governance System, the Office of the Secretary of the Board of Directors shall decide whether a notice of this kind should be sent in advance to the CNMV and, if so, to draft, review and send such notice to the CNMV through the authorised representatives designated by the Company for such purpose.

The information to be reported to the CNMV may not be disseminated by any other means without prior publication thereof on its website. Furthermore, the content of the information disclosed to the market by any information or communication channel other than the CNMV must be consistent with the information sent to such commission.

b. Information generated by the Company may be reported to shareholders, Institutional Investors and the markets without observing the foregoing rules by any means that complies with this Policy, so long as there is no doubt under the law and the Corporate Governance System that it need not be communicated to the CNMV due to being inside information or other relevant information, or when, following consultation with the Office of the Secretary of the Board of Directors, such Office has determined, in accordance with the rules set forth in the preceding section, that the information need not be reported to the CNMV.

3. Office of the Shareholder and Shareholders’ Club

The Board of Directors establishes appropriate channels in order for the shareholders to be kept permanently informed and in order for them to submit proposals in connection with the management of the Company, in accordance with the law and the Corporate Governance System.

The Company maintains the following channels of communication with the shareholders for such purposes:
3.1 Office of the Shareholder

The paramount purpose of the Office of the Shareholder (Oficina del Accionista) is to act as an open, permanent and transparent channel of communication with all the shareholders of the Company, through the ongoing development of initiatives calculated to strengthen such relationship in order for the shareholders to be kept continuously informed and in order for them to submit proposals regarding the management of the Company.

The Office of the Shareholder is thus established to respond at all times to the queries, questions or suggestions of the shareholders through a toll-free telephone service line (900 100 019) and an e-mail address (accionistas@iberdrola.com), and is in contact with those shareholders who have voluntarily entered their names in its database.

The Office of the Shareholder shall endeavour, to the extent possible, to respond to the queries and requests made by registered shareholders, giving absolute priority to the furtherance of the corporate interest and complying with the law and the Corporate Governance System. It constitutes a permanent information system through which shareholders can inquire and stay updated about the status of the Group. To such end, and in keeping with the principles of transparency, equality and symmetry in the dissemination of information, the replies and other documents that the Office of the Shareholder may provide shall be available to the public on the Company’s corporate website.

3.2 Shareholders’ Club

This is an open and permanent channel of communication between the Company and the shareholders who voluntarily become members thereof and are interested in closely following the Company’s performance. Thus, the telephone and e-mail service offered by the Office of the Shareholder is augmented by the mailing of other documents, such as annual reports, quarterly newsletters, notices sent to the CNMV or daily closing market prices.

4. Shareholders’ Ethics Mailbox

The Company shall establish a Shareholders’ Ethics Mailbox as a channel of communication in order to enable the shareholders to report conduct that may involve failure to comply with the Corporate Governance System or the commission by any Group professional of any act that is illegal or contrary to the rules of conduct of the Code of Ethics.

Communications addressed to the Shareholders’ Ethics Mailbox may be sent by completing an electronic form that shall be available on the Company’s corporate website, in a section to be entitled “Shareholders’ Ethics Mailbox”.

The guiding principles of the Shareholders’ Ethics Mailbox are the following:

a. Reports of irregular conduct must always comply with standards of truthfulness and proportionality, and such mechanism may not be used for purposes other than compliance with the law or the rules of conduct of the Code of Ethics.

b. The confidentiality of the identity of the person reporting an irregular action through the Shareholders’ Ethics Mailbox shall be guaranteed and shall be deemed confidential information, and therefore it shall in no event be communicated to the party named in the report.

c. Without prejudice to the foregoing, the data of the shareholders making the communication may be provided to governmental or court authorities, to the extent required by such authorities as a result of any proceeding stemming from the subject matter of the report, as well as to persons involved in any kind of subsequent investigation or court proceeding initiated as a consequence of the investigation. Such provision of data to governmental or court authorities shall always be in full compliance with the laws on the protection of personal data.

The Compliance Unit shall be responsible for managing the communications sent through the Shareholders’ Ethics Mailbox. If the party named in the report is a member of the Compliance Unit, such member shall not be allowed to participate in the processing thereof.

Taking into account the specific circumstances of the case, the Compliance Unit may inform the shareholder who sent the communication of the status of the process.

The data provided through the Shareholders’ Ethics Mailbox shall be processed under the responsibility of the Company. The interested party may contact Iberdrola’s Data Protection officer using the following email address: dpo@iberdrola.es.
The Company undertakes to treat all personal data of the shareholder making the communication in the strictest of confidence at all times and in accordance with the purposes contemplated in this section, and shall adopt such technical and organisational measures as may be needed to ensure the security of the shareholder’s data and avoid the alteration, loss or unauthorised processing thereof or access thereto, taking into account the current state of the art, the nature of the data stored and the risks to which they are exposed, all in compliance with the laws on the protection of personal data.

The Company shall include in each data collection form the warnings required by law.

5. Relations with Analysts and Institutional Investors

The Investor Relations Office, organised and managed by the Investor Relations and Communication Division, is responsible for the ongoing and individualised response to the queries of analysts and Institutional Investors, for which purpose it has an e-mail address (investorrelations@iberdrola.es).

The Company organises informational meetings regarding the status thereof and of the Group and other points of interest to analysts and Institutional Investors to give them suitable information in this regard. All of the foregoing is without prejudice to the strict observance by the Company of the principle of equal treatment of all shareholders in the same situation and who are not affected by any conflict of interest or competition.

6. General Shareholders’ Meeting

6.1 Informed participation

The Board of Directors encourages the informed and responsible participation of the shareholders at the General Shareholders’ Meeting and takes such measures and safeguards as are appropriate to facilitate the effective discharge of their duties under the law and the Corporate Governance System.

In particular, in line with the provisions of the Innovation Policy, which provides for encouragement of the digital transformation of the Group at all levels and the development of artificial intelligence applications, the Company may publish a guide, in the medium it deems appropriate (including a virtual assistant), providing an innovative and intuitive way for the shareholders to know, among other things, the appropriate procedures for participating in the General Shareholders’ Meeting, either in person or from a distance, and to access information of interest regarding the progress of the meeting.

Furthermore, when the General Shareholders’ Meeting is called, the Company may use the services of agencies, financial institutions and intermediaries for purposes of improved distribution of information among its shareholders and Institutional Investors, and the Investor Relations Office may adapt the means and instruments for proxy-granting and absentee voting to the specific circumstances of Institutional Investors.

In addition, from the call to the General Shareholders’ Meeting to the end thereof, the shareholders may rely on the support of the Office of the Shareholder, which has means for the organisation of presentations and events prior to the General Shareholders’ Meeting. The Office of the Shareholder also has a specific site at the premises where the proceedings are held in order to answer questions that the attendees may ask, as well as to serve and provide information to the shareholders who wish to use the floor during the meeting.

The Investor Relations Office is responsible for maintaining dialogue with proxy advisors, responding to their queries with regard to proposed resolutions submitted at a General Shareholders’ Meeting and providing them with the clarifications deemed appropriate.

Financial institutions acting as intermediaries, managers and depositaries of the Company’s shares are responsible for: (i) informing the holders of shares regarding the rights they are entitled to exercise, (ii) adopting any measures required to ensure that the shareholders or any third party representatives designated by them may exercise such rights personally when they so deem advisable; and (iii) taking responsibility for the fact that the instructions they transmit to the Company on behalf of their customers are valid and faithfully correspond with those received.

Without prejudice to the foregoing, the Board of Directors and the chairman & chief executive officer may entrust the lead independent director or the other members of the Board of Directors with contacting proxy advisors regarding specific issues relating to the General Shareholders’ Meeting, ensuring that the directors who will engage in such contacts belong to the committee in charge of the issues to be discussed.

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The directors shall have such powers only upon delegation from the Board of Directors or the delegated bodies thereof. In any case, the statements made by the directors shall only bind the Company when they are expressly supported by a resolution of the Board of Directors or such delegated bodies.

### 6.2 Right to Request that a Supplement to the Call to Meeting Be Published and to Submit Duly Substantiated Proposed Resolutions

Shareholders representing at least three per cent of the share capital may:

a. request the publication of a supplement to the call to the Annual General Shareholders’ Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposed resolution; and

b. submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to any General Shareholders’ Meeting.

The shareholders must exercise these rights with loyalty, in good faith and within the framework of the corporate interest upon the terms provided by law and the Corporate Governance System. The Company may request the documents and the information necessary to verify that such requirements have been satisfied.

The Company shall ensure the dissemination of the new items on the agenda and the proposed resolutions submitted and the documentation that may be attached thereto in accordance with the provisions of law, and in any case as soon as possible, and shall publish a new form of attendance, proxy and absentee voting card that includes the additional items on the agenda and proposals.

If such rights are validly exercised, the chair of the General Shareholders’ Meeting, making use of the powers vested therein by the Regulations for the General Shareholders’ Meeting, shall submit to a vote the new items on the agenda or proposed resolutions after the proposed resolutions submitted by the Board of Directors. In this case, the following rules shall apply in order to determine the direction of the shareholders’ votes on those proposals that conflict with other proposals submitted to the shareholders at the same General Shareholders’ Meeting:

a. First, absentee votes cast pursuant to the provisions of the Regulations for the General Shareholders’ Meeting shall be counted in the direction that is appropriate in accordance with the provisions of the Corporate Governance System and the Implementing Rules for the General Shareholders’ Meeting, as well as the votes of the members of the Presiding Committee, whether on their own behalf or on behalf of other shareholders.

b. Second, shareholders (and their proxy representatives) attending in person and desiring to expressly state the direction of their vote in favour of a specific proposed resolution must so notify the notary public or assistants thereto (or in the absence thereof, the secretary for the General Shareholders’ Meeting). It shall be deemed that the shareholders voting in favour of a proposed resolution vote against all the others that conflict therewith.

c. Third, shareholders desiring to vote against, in blank or to abstain with regard to all proposed resolutions must proceed in the manner set forth in letter b) above.

d. Finally, those votes corresponding to all shares represented in person or by proxy, after deducting the votes corresponding to the shares set forth in (i) and (ii) below, shall be deemed to be votes in favour of the proposal that, pursuant to the provisions of letters a) and b), has obtained more votes in favour: (i) shares whose holders or proxy representatives have expressly stated that they vote in favour of another conflicting proposal, who vote in blank or who abstain from all of them, and (ii) shares whose holders or proxy representatives have left the meeting prior to the voting on the proposed resolution in question and have provided a record thereof to the notary public or assistants thereto (or in the absence thereof, to the secretary for the General Shareholders’ Meeting).

### 6.3 Measures to Strengthen Transparency in Increases in Capital and Issues of Securities Convertible into Shares with the Exclusion of Pre-emptive Rights

Following the good governance recommendations applicable to the Company, the Board of Directors shall not propose to the shareholders at the General Shareholders’ Meeting the delegation of powers to issue shares or securities convertible into shares with the exclusion of pre-emptive rights in an amount greater than twenty per cent of the share capital at the time of the delegation. The Board of Directors may set a limit lower than said percentage at any time.
If the Board of Directors, in using such delegation, approves any issue of shares or of securities convertible into shares with the exclusion of pre-emptive rights, the Company shall publish on its corporate website the reports on such exclusion required by law.

6.4 Corporate Website

The Board of Directors promotes the use of the corporate website to facilitate the exercise of the shareholders’ rights to receive information and to participate in connection with the General Shareholders’ Meeting, including for this purpose those technological means that facilitate access by persons with disabilities.

After the publication of the call to the General Shareholders’ Meeting, a software tool is made available to the shareholders on the Company’s corporate website (avoiding documents in paper form and thereby favouring respect for and protection of the environment) allowing them to request information, grant their proxy and cast an absentee vote and to obtain the documentation deemed appropriate to facilitate informed attendance of the shareholders at the General Shareholders’ Meeting. These include, among other documents, the Implementing Rules for the General Shareholders’ Meeting approved by the Board of Directors, which contain the specific rules for the exercise of shareholders’ rights, and, specifically, a system for granting proxies and casting absentee votes electronically, by telephone and by post, as well as the various rules for determining the direction of the vote.

A full or summary translation into English of the principal reports and documents made available to the shareholders is also included on the corporate website as soon as possible following publication of the announcement of the call to meeting, although the Spanish text shall in any event prevail in the event of a conflict.

6.5 Voting Platforms

The Company facilitates the participation of Institution Investors in the General Shareholders’ Meeting, recognising the validity of voting instructions sent through the principal voting platforms within the framework of the provisions of law.

7. Dissemination

The Company shall report on the practical application of the Shareholder Engagement Policy and this Policy in the Activities Report of the Board of Directors and of the Committees thereof.

8. Control

The Compliance Unit shall verify that in the application of this Policy, the Company complies with the provisions of the Internal Regulations for Conduct in the Securities Markets and the other rules of the Corporate Governance System included within the scope of its powers.

The Board of Directors, or the Executive Committee, if applicable, shall be periodically informed of the principal relations that the Company maintains with shareholders, Institutional Investors and proxy advisors by application of this Policy.

* * *

This Policy was initially approved by the Board of Directors on 26 October 2011 and was last amended on 21 July 2020.
5. Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation

21 July 2020

1. General Premises

The Board of Directors of IBERDROLA, S.A. (the “Company”) establishes the structure of the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”) and defines their organisational model and supervises compliance therewith and the further development thereof. Along these lines, and in the exercise of the powers attributed thereto, it approves this Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation (the “Policy”), which forms part of the Corporate Governance System.

Pursuant to the provisions of its By-Laws, the Company pursues its corporate object indirectly, by owning shares or membership interests in other companies.

The corporate and governance structure is based on a recognition of the reality of a multinational, multi-corporate, diversified and efficiently organised and coordinated group for the best development of the corporate object and the achievement of the corporate interest.

In this respect, the Group is configured on the basis of the separation between the central role of strategy, supervision and control, on the one hand, and that of day-to-day administration and effective management, providing itself in this respect with a decentralized structure inspired by the principle of subsidiarity and respect for the autonomy of the companies that comprise it, which do business in accordance with the highest ethical standards and in compliance with the good governance recommendations generally recognized in international markets, adjusted to their needs and particularities.

Therefore, essential premises for this Policy are the differentiation of the functions corresponding to the Company, as a holding company of the Group, domiciled in Biscay and with Spanish nationality, from the country subholding companies established in the various territories in which the Group does business, and the head of business companies, whether Spanish or foreign.

All of them share the principles reflected in the Purpose and Values of the Iberdrola group and in the Code of Ethics and conceive of the social dividend as the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

2. Scope

This Policy shall apply to all companies of the Group.
3. Definition of the Corporate and Governance Structure

The corporate organisation of the Group, which forms an essential part of the Corporate Governance System, is comprised of:

a. the Company, which is configured as a holding company, the main function of which is to act as the entity owning the equity stakes in the country subholding companies.

b. the country subholding companies, which in turn group together the equity stakes in the Group’s head of business companies.

c. the head of business companies.

All of them have their own human and material resources to autonomously carry out the duties assigned thereto by the Corporate Governance System.

This corporate configuration is intended to favour an agile and rapid decision-making process in day-to-day management that is dependent on the head of business companies, while at the same time achieving appropriate coordination at the Group level as a result of the duties of organisation and supervision performed by the Company’s country subholding companies.

Based on the corporate structure, the Group’s governance model is governed by the principles described below, which duly distinguish between the duties of strategic definition, supervision and control, on the one hand, and day-to-day and effective management, on the other:

a. Vesting within the Company’s Board of Directors of powers relating to approval of the strategic goals of the Group, the definition of its organisational model, the supervision of compliance therewith and further development thereof, as well those relating to decisions on matters of strategic importance at the Group level, while fully observing the special framework of strengthened autonomy of the listed country subholding companies referred to in d) below.

b. Assumption by the chairman of the Board of Directors & chief executive officer, with the technical support of the Operating Committee, by the Business CEO (consejero-director general de los negocios del Grupo) appointed by the Board of Directors for this duty, with overall responsibility for all of the businesses of the Group, and by the rest of the management team, of the duty of organisation and strategic coordination within the Group through the dissemination, implementation and monitoring of the overall strategy and the basic management guidelines established by the Board of Directors.

c. The function of strategic organisation and coordination is strengthened through the country subholding companies. These entities group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.

One of the main functions of the country subholding companies is to centralise the provision of services common to the head of business companies, in accordance with the provisions of applicable law and especially the legal provisions regarding the separation of regulated activities. In this regard, the country subholding companies facilitate the coordination of companies in which they hold an interest and are given the responsibility of ensuring compliance with legal provisions on the separation of regulated activities.

In order to specify the application of the Corporate Governance System based on applicable law in each country, as well as the characteristics and particular features thereof, and to comply with the responsibilities allocated by the Corporate Governance System thereto, the country subholding companies approve rules applicable to their subsidiary head of business companies, and specify the application at the country level, if applicable, of the content of the basic policies or guidelines approved by the Board of Directors of the Company that cover the Group as a whole.

To best carry out their functions, country subholding companies have within their boards of directors at least one independent director as well as audit and compliance committees, in addition to their own internal audit and regulatory compliance units or divisions.

The CEOs of each country subholding company, appointed by their respective boards of directors, will promote the specific application of the corporate policies and of the basic management guidelines at the country level, proposing the annual targets and budget, with the ability to represent their respective companies before
domestic institutions, and perform such other duties as are determined by each boards of directors, always acting under the supervision thereof.

d. The listed country subholding companies of the Group have a special framework of strengthened autonomy that covers the three areas mentioned below:

In the regulatory area, the boards of directors of the listed country subholding companies are authorised to approve their own corporate policies and other internal codes and procedures that specify, develop or make exceptions from the content of the equivalent rules of the Corporate Governance System.

In the related-party transactions area, the boards of directors of listed country subholding companies have a committee of their board of directors comprised exclusively of directors without a connection to the Company and that have the power to approve all transactions between the listed country subholding company and the subsidiaries thereof with the other companies of the Group in addition to the authorisations generally required in each case based on the nature of each transaction.

In the management area, listed country subholding companies enjoy a system of strengthened autonomy vis-à-vis the Company, which prevents the Company and the other companies of the Group from giving to their management team and the management teams of their subsidiaries instructions that interfere with the exercise of the powers vested therein by the Corporate Governance System.

The special framework of strengthened autonomy is implemented in the respective contracts signed by the Company with each listed country subholding company.

e. The head of business companies of the Group assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of each of the businesses, and are responsible for the day-to-day control thereof.

These head of business companies are organised through their respective boards of directors, which include independent directors where appropriate, and their own management decision-making bodies; they may also have their own audit committees, internal audit areas and compliance units or divisions.

The CEOs of each head of business company are responsible for the effective management thereof under the supervision of its board of directors, to which they shall propose the business objectives and annual budgets within the framework of the Group’s general business strategy.

The selection of the directors of the country subholding and head of business companies shall endeavour to comply with the Board of Directors Diversity and Member Selection Policy, avoiding any implied bias entailing any kind of discrimination, and, in particular, that hinders the selection of female directors.

In addition, the Company’s Appointments Committee reports on or proposes the appointment and removal of the independent directors of both the unlisted country subholding companies and the companies within the Group whose direct or indirect owner is not a country subholding company. In order to report on or propose said resolutions on appointment and removal, it takes into account the independent judgement of the candidate to respond to the corporate interest of the company in which the position will be held. In addition, the Company’s Appointments Committee acknowledges the appointment and removal of the independent directors of companies within the Group that are subsidiaries of the unlisted country subholding companies.

In order to facilitate the orderly performance of the duties inherent in its status as a holding entity of the Group, the Company’s Board of Directors establishes a number of mechanisms that allow for the exchange of information needed for the strategic coordination of the activities performed by the various country subholding companies and head of business companies, without detracting from independence in decision-making by each of them or the requirements imposed on their directors by law and those deriving from the Corporate Governance System, in the interest of all of the companies within the Group.

4. The Group’s Business Model

The corporate and governance structure of the Group in turn allows for global integration of the businesses in accordance with the Group’s Business Model, which is focused on maximising the operational efficiency of the various business units and ensures the dissemination, implementation and monitoring of the overall strategy and the basic management guidelines established for each business, primarily through the exchange of best practices among the various companies of the Group without detracting from independence in decision-making by each of them and the demands imposed upon their directors by law.
As part of the Group’s Business Model, the Company, together with the corporate functions and the supervision and regulatory control functions, promotes the creation and operation of global committees in the interest of each of the businesses in order to maximise the generation of synergies and the exploitation thereof by all of the companies of the Group. These committees are authorised to approve global guidelines and recommendations, propose initiatives for improvement, favour the exchange of best practices and support the Business CEO and those responsible for the businesses in the performance of their duties of coordination and supervision.

5. Operating Committee

Within the Group’s corporate and governance structure, the Operating Committee is an internal committee of the Company, the essential function of which is to provide technical, information and management support to the chairman of the Board of Directors & chief executive officer, in order to facilitate the development of the Group’s Business Model.

6. Duties of the Board of Directors with respect to the Group’s Corporate and Governance Structure

The Board of Directors of the Company in any event has the following duties with respect to the corporate and governance structure of the Group:

a. Conform the corporate and governance structure and the Group’s Business Model to the requirements of the corporate interest, complying with applicable law, the Corporate Governance System and the Compliance System, and acting in accordance with the Purpose and Values of the Iberdrola group and with the commitments made in the Code of Ethics.

b. Endeavour to ensure that the corporate and governance structure as well as the Group’s business model contribute to the social dividend, reflecting and disseminating the Company’s performance in this regard through the statement of non-financial information.

c. Foster a culture of talent management and promotion as a reflection of the Group’s social and cultural reality.

d. Include in the corporate governance practices covering the Group, the promotion of innovation and digital transformation through the use of new technologies, while preserving security and privacy in the corporate interest.

e. Conform the structure of the Group to the legal requirements applicable in the jurisdictions in which it does business, and particularly to those regarding the rules of each jurisdiction on separation of regulated activities.

f. Determine the location of the headquarters of the Company and of the other companies integrated within the Group based on the corporate interest, and make the relevant decisions or when appropriate submit them to the shareholders at a General Shareholders’ Meeting for adoption thereof, in all cases respecting the special framework of strengthened autonomy of the country subholding companies.

g. Regulate, analyse and decide on possible conflicts of interest and related-party transactions among the companies of the Group. As regards those affecting listed country subholding companies, the Company’s Board of Directors shall ensure compliance with the rules on related-party transactions established within the corresponding special framework of strengthened autonomy.

h. Endeavour to ensure the reconciliation of the interest of the companies in the Group that have outside shareholders with the policies and strategies of the Group.

i. Introduce appropriate strategic coordination mechanisms in the interest of the Company and of the companies within the Group, pursuant to the Group’s Business Model.

j. Approve the creation or acquisition of equity interests in special purpose entities or entities residing in countries or territories that Spanish legal provisions consider to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions, in line with the Corporate Tax Policy, as well as any other transactions or operations of a similar nature that, due to their complexity, might diminish the transparency of the Group.

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Part I. Corporate Governance and Regulatory Compliance Policies

7. Related-Party Transactions

The Board of Directors of the Company, or in urgent cases the Executive Committee, shall be the bodies competent to authorise Related-Party Transactions (as such term is defined in the Regulations of the Board of Directors) in which companies of the Group that are not listed companies or subsidiaries thereof participate, when they have corporate governance rules similar to those of the Company.

In those instances in which the Related-Party Transaction must be authorised by the Board of Directors or the Executive Committee of the Company, and the Company does not directly intervene in such transaction, the scope of authorisation shall be circumscribed to verification that the Related-Party Transaction is conducted under arm’s length conditions and with due observance of the principle of equal treatment of shareholders in the same situation, with the board of directors of the company participating in the Related-Party Transaction maintaining its powers to decide on whether or not it is appropriate to carry out the transaction.

8. Use of the IBERDROLA Brand

The Corporate Governance System recognises the IBERDROLA brand as a hallmark of the Company and the principal symbol of the Purpose and Values of the Iberdrola Group.

To the extent that the companies of the Group use such brand—owned by the Company—as part of their trade names and distinctive marks used to carry out their businesses, the use thereof shall be governed by the provisions of the Brand Policy and the other internal rules established by the Company.

9. Stakeholder Engagement, Corporate Websites and Presence on Social Media

The country subholding and head of business companies of the Group shall have a presence on the Internet, and in particular shall actively participate in social media in order to engage with their respective Stakeholders, working together on the innovation and digital transformation strategy of the Group.

For these purposes, the country subholding companies and head of business companies shall have their own identity on social media and their corporate website, the contents of which must be managed in accordance with the guidelines established for such purpose by the Company, and for each country by the country subholding companies, if applicable.

The country subholding and head of company companies shall adopt the measures necessary to avoid their corporate websites being confused with that of the Company.

The corporate websites of the country subholding companies and of the head of business companies shall be structured around specific sections intended to identify the corresponding company and its activities, describe its relationship with the Group and its position regarding corporate governance, sustainability and the environment; and promote its relations with society in general and with the other most significant Stakeholders, fostering their involvement.

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This Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 21 July 2020.
6. Brand Policy

19 February 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”), aware that the IBERDROLA brand constitutes one of its strategic assets, has approved this Brand Policy.

1. Purpose

This Brand Policy is intended to protect and contribute to the IBERDROLA brand and to establish certain basic principles of conduct allowing all of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), to use it as a springboard that contributes to its reputation and to the success of the businesses carried out by the Group.

2. The IBERDROLA Brand

The IBERDROLA Brand belongs to the Company and constitutes one of its strategic assets: it is a hallmark of its identity and the principal symbol of the Purpose and Values of the Iberdrola group.

As a hallmark of identity, the IBERDROLA brand is a key element in the corporate strategy of the Company. As the symbol of the Purpose and Values of the Iberdrola group, it is a springboard for creating value that can be used by all of the companies of the Group to contribute to the success of its businesses.

All of the companies of the Group must ensure that the IBERDROLA brand is associated with the principles set out in the Purpose and Values of the Iberdrola group, and thus to its commitments to the maximisation of its social dividend and the creation of value, the improvement of quality of life, the safety of people and of supply, the protection of the environment and customer focus.

3. Use of the Brand

The Company may license the use of the IBERDROLA brand to all of the companies of the Group and to the entities in the nature of foundations connected thereto. All licensees shall be required to comply with the provisions of this Brand Policy and any corresponding brand licensing agreement implementing the terms and conditions for using the IBERDROLA brand.

The companies of the Group shall use the IBERDROLA brand in the same manner and according to the standards of the IBERDROLA Brand Usage Guide in effect from time to time, as well as with the clauses of the relevant brand licensing agreement on quality control.

Any use of the IBERDROLA brand that differs from the provisions of the IBERDROLA Brand Usage Guide must be authorised pursuant to the provisions of said guide.

The IBERDROLA brand may form part of the trade names and distinctive signs used by the Companies of the Group in carrying on their businesses.

Companies of the Group shall ensure that such use of the IBERDROLA brand does not cause confusion regarding their own identity and corporate independence.

For these purposes, in those situations allowed by the IBERDROLA Brand Usage Guide, all of the companies of the Group (other than the Company itself) that use the IBERDROLA brand shall use it together with their own distinctive name.

The listed country subholding companies and the subsidiaries thereof must in any case use a different corporate name and brand that contributes to the differentiation thereof as autonomous entities belonging to the Group. In such instances, the relevant brand shall belong to the listed country subholding company.
4. Ceasing Use of the Brand

The companies of the Group shall cease to use the IBERDROLA brand, including the use thereof in their own trade name or corporate name, in accordance with the provisions of any corresponding license agreement, and in any event if such use might risk the reputation of the Group or when the company no longer belongs to the Group. In this latter event, when there are circumstances that so warrant, the Company may authorise companies that no longer belong to the Group to use the IBERDROLA brand on a temporary basis.

5. Protection of the Brand

The Group shall take the actions needed to protect and contribute to the value of the IBERDROLA brand, obtaining effective protection of the Company’s rights thereto throughout the world and in all areas in which the Group is or expects to be present, particularly including the Internet and social networks.

The companies of the Group may not directly or through third parties request and/or register trademarks, trade names, domain names, social profiles or any other distinctive mark that is identical or similar to the IBERDROLA brand without the prior approval of the Company.

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This Brand Policy was initially approved by the Board of Directors on 22 June 2015 and was last amended on 19 February 2019.
7. Board of Directors Diversity and Member Selection Policy

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) recognises transparency in all its activities, including the process for selecting candidates to hold the position of director, and diversity within the Board of Directors, as key elements of its corporate governance strategy.

Therefore, the Board of Directors has approved this Board of Directors Diversity and Member Selection Policy, which is a public, specific and verifiable policy ensuring that the proposals for appointment of directors of the Company are based on a prior analysis of the needs of the Board of Directors and ensures that there is a diversity of skills, knowledge, experience, origin, nationality, age and gender within the Board of Directors.

1. Scope

This Board of Directors Diversity and Member Selection Policy shall be applicable to the selection of candidates for director of the Company who are individuals.

In the case of candidates for director of the Company that are legal entities, the provisions of this Board of Directors Diversity and Member Selection Policy shall also apply to the individuals representing them, without prejudice to the process also including an analysis of the circumstances that might affect the suitability of the legal entity (bankruptcy, criminal proceedings, government sanctions, conflicts of interest, etc.).

Individuals shall in any case be favoured as candidates for director.

2. Aims in Selecting Candidates

The selection of candidates for director shall start with an analysis of the needs of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), and which must be carried out by the Board of Directors with the advice and report of the Appointments Committee.

It shall also target persons who satisfy the conditions set forth in the following sections and whose appointment favours diversity of skills, knowledge, experience, origin, nationality and gender within the Board of Directors, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations, and particularly with goal five relating to the empowerment of women.

3. Sources for the Identification of Candidates

The performance of executive duties within the Group, as well as duties as a director of the companies of the Group, especially of country subholding companies and of head of business companies, provides a deep understanding of the activities and internal operations thereof, which facilitates the rapid inclusion of the persons holding such positions into the dynamics of the operations of the Company’s Board of Directors. In turn, it provides first-hand knowledge of their skills, work capacity, commitment to the position and potential to provide value.

For all of the foregoing reasons, candidates who have prior experience within the Group will be given preference in the selection of directors, based on the following criteria:
a. The identification of candidates for executive director shall first take into account management personnel who have been linked to the Company or other companies of the Group for at least five years.

a. The selection of candidates for independent director shall first consider external directors of companies in which the Group has an interest.

In both cases, in the absence of suitable candidates or when circumstances so justify, as acknowledged by the Appointments Committee, other profiles shall be evaluated.

For purposes of complying with the provisions of this section, the appointment of directors from outside of the companies in which the Group has an interest shall take into account the provisions of this Board of Directors Diversity and Member Selection Policy, and particularly the goals described in sections 4, 5 and 6.

In addition, any director may suggest other candidates for director that meet the requirements established in this Board of Directors Diversity and Member Selection Policy.

4. Conditions to Be Satisfied by the Candidates

The selection process shall promote a search for candidates with knowledge and experience in the main countries and sectors in which the Group does or will do business.

All candidates for director of the Company must be respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties. They must also have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

In particular, they must be irreplaceable professionals, whose professional conduct and background is aligned with the principles set forth in the Code of Ethics and with the corporate values contained in the Purpose and Values of the Iberdrola group.

By way of guidance, the appropriateness shall be considered of candidates for director generally not exceeding the age of seventy years.

5. Grounds for Disqualification provided by Law or the Corporate Governance System

Those persons or entities that have incurred legal grounds for disqualification from the holding of their position, or that fail to meet any of the requirements to be a director established in the Corporate Governance System and, in particular, the following, shall be ineligible as candidates for director:

a. Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or members of senior management thereof, or such persons, if any, as are proposed by them in their capacity as shareholders. For clarification purposes, the companies of the Group shall not be deemed competitors of the Company.

b. Individuals or legal entities serving as directors in more companies than are permitted under the provisions of the Regulations of the Board of Directors.

c. Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.

In the case of candidates who have held high-level positions in the governments of other jurisdictions that are incompatible with the simultaneous performance of the duties of a director of a listed company, the Appointments Committee must take appropriate action to verify that the holding of such positions does not entail an impediment to the potential appointment of the candidate as a director.

d. Individuals or legal entities that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.
6. Diversity in the Composition of the Board of Directors

The selection of candidates shall endeavour to ensure that a diverse and balanced composition of the Board of Directors as a whole is achieved, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its purview.

Along these lines, the Board of Directors assumes the commitment to promote diversity in the composition thereof, and for this purpose, in selecting candidates for director, shall assess candidates whose appointment favours the directors having different skills, knowledge, experience, origin, nationality, age and gender.

The diversity criteria shall be chosen based on the nature and complexity of the businesses of the Group, as well as the social and environmental context where it has a presence. Other criteria may also be taken into consideration based on the needs of the Board of Directors.

Any type of bias entailing any kind of discrimination, including for reasons of gender, ethnic origin, age or disability, shall be avoided in the candidate selection process. According to the provisions of goal five of the Sustainable Development Goals (SDGs) approved by the United Nations, any bias that hinders the appointment of female directors and that might impede achieving the Company’s goal that the number of female directors continues to account for at least forty per cent of the total number of members of the Board of Directors in the year 2022, shall be particularly avoided.

The Board of Directors shall periodically evaluate the level of compliance and the effectiveness of its diversity policy, and especially the percentage of female directors at any particular time. The Annual Corporate Governance Report shall also include a detailed description of this policy, as well as the goals set in this regard and the results obtained.

7. External Validation

The Company may rely on the cooperation of external advisers to validate that the candidates for director meet the conditions referred to in section 4 and that they are not subject to any of the grounds for ineligibility set out in section 5 above.

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This Board of Directors Diversity and Member Selection Policy was initially approved by the Board of Directors on 25 March 2015 and was last amended on 21 July 2020.
8. Director Remuneration Policy

13 April 2018

In exercise of the powers vested therein, the Board of Directors of IBERDROLA, S.A. (“Iberdrola” or the “Company”), upon a proposal of the Remuneration Committee, hereby submits this Director Remuneration Policy for approval of the shareholders at the General Shareholders’ Meeting of the Company.

1. Purpose and Basic Principles

1.1 Mission, Vision and Values of the Iberdrola group

The driving principle of the Mission, Vision, and Values of the Iberdrola group is its commitment to the sustainable creation of value in the performance of all of its activities for society, its professionals, its customers, its suppliers, its shareholders and other stakeholders.

This commitment governs the day-to-day activities of the Company, channels its leadership role in its various areas of activity, focuses its strategy of maximising social dividends and guides the ethical behaviour of all personnel participating in the daily construction of Iberdrola’s business enterprise, starting with its management body.

In this regard, the ultimate goal of the Director Remuneration Policy is to help develop the Mission, Vision and Values of the Iberdrola group such that the remuneration of the Company’s directors is commensurate with the dedication and responsibility assumed, taking into consideration the Company’s desire to lead the energy sector. This desire is based on aspects like the provision of a high-quality service through the use of environmentally-friendly energy sources, innovation, digital transformation in its area of activity, the fight against climate change, and commitment to a social dividend and the generation of employment and wealth in its surroundings.

1.2 Basic Principles

The Board of Directors has found proper decision-making and a clear commitment to the corporate values are two of the main principles determining the performance of companies, particularly in the energy sector: all of them can choose similar businesses, markets and technologies, but their performance is different, based on the principal differentiating elements of talent, efforts, creativity, leadership and the ability to translate one’s commitment into a mission, vision and values.

Within this context, the basic principles governing this Director Remuneration Policy are the following:

a. Provide suitable remuneration for the dedication and responsibility assumed by the directors, in line with the market remuneration paid by companies with comparable capitalisation, size, ownership structure and international scope. This will be essential for recruiting and retaining the best candidates.

b. To this end, the Remuneration Committee periodically engages in a benchmark analysis of remuneration systems applicable to comparable companies at the international level.

c. Align the remuneration policy of the Company as a whole with its values, with its commitment to maximise its social dividend and with shareholder return, as these terms are defined in the By-Laws, within the framework of the commitment of the Iberdrola group to all of its Stakeholders.

d. Ensure that the remuneration helps to achieve the strategic goals of Iberdrola, which are periodically published.

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1.3. Principles Governing the Remuneration of the Executive Directors

As regards the executive directors, the Director Remuneration Policy follows the same standards as the Senior Officer Remuneration Policy and shares the same principles and guidelines as the remuneration policy for all employees of the Company: a commitment to the Mission, Vision and Values of the Iberdrola group, personal and corporate ethics, excellence in hiring, continuous training, gender equality, meritocracy and recognition of talent, reconciliation, and relevancy of the variable component of the remuneration package.

In particular, the main principles governing the remuneration of the executive directors are the following:

a. Ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-à-vis that of comparable entities at the domestic and international level, taking into account the situation of the regions in which the Group operates.

b. Establish the remuneration in accordance with objective standards based on individual performance and on the achievement of the business objectives of the Company and the Group.

c. Include a significant annual variable component tied to performance and to the achievement of specific, pre-established, quantifiable objectives in line with the corporate interest, the Mission, Vision and Values of the Iberdrola group and the strategic goals of the Company. The application of this Director Remuneration Policy shall take into consideration economic/financial, operational/industrial and corporate social responsibility parameters for these purposes.

d. Foster and encourage the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of the Group, of its directors and of its management team, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals.

e. Set appropriate maximum limits to any variable remuneration as well as suitable mechanisms in order for the Company to be able to obtain reimbursement of the variable components of remuneration if the payment has not conformed to the terms of performance or if such variable components have been paid based on information later shown to be inaccurate.

2. Overall By-Law Limitation on Director Remuneration

Pursuant to article 48.1 of the By-Laws, the amount that the Company allocates annually to the directors as remuneration is limited to a maximum amount equal to 2% of the consolidated group profits obtained during the financial year, after covering legal and other mandatory reserves and the issuance to the shareholders of a dividend of at least 4% of the share capital.

This limit includes the amount corresponding to the executive directors for the performance of executive duties, as well as the endowment of funds to meet the obligations of the Company regarding pensions, the payment of life and casualty insurance premiums, coverage for and payment of severance compensation in favour of current and former directors, and the operational costs of the Board of Directors and the committees thereof.

For the purpose of establishing such limit, the quoted price of shares or options thereon or remuneration indexed to the listing price of the shares shall not be calculated, which remuneration shall in all cases require the approval of the shareholders at a General Shareholders’ Meeting.

3. Competent Bodies

Within the by-law framework referred to above, the shareholders acting at a General Shareholders’ Meeting are vested with the power to approve this Director Remuneration Policy, which constitutes the Company’s highest-level rules on remuneration after the By-Laws.

Within the overall limit established in the By-Laws and in accordance with the provisions of law and this Director Remuneration Policy, the Board of Directors, upon a proposal of the Remuneration Committee, is vested with the power to specify the remuneration of the directors, except for remuneration consisting of the delivery of shares of the Company or of options thereon, or remuneration indexed to the value of the shares of the Company, which must be approved by the shareholders acting at a General Shareholders’ Meeting.
4. Structure of the Remuneration of Directors in their Capacity as Such

The remuneration to which directors are entitled in their capacity as such is structured in accordance with the following standards within the framework of legal and by-law provisions:

### 4.1 Fixed Amount

Directors receive a fixed annual amount that is commensurate with market standards, in keeping with the positions they hold on the Board of Directors and in the committees on which they sit, always taking into account the overall by-law limit on director remuneration set forth in section 2 above.

The fixed remuneration of the directors in their capacity as such is included within the limit reflected in section 2 of this Policy, which also includes the remuneration of the executive directors for the performance of their executive duties, as well as the funding of pensions, the payment of life and casualty insurance premiums, coverage for and payment of severance compensation, and the operational costs of the Board of Directors and the committees thereof. The maximum amount of the annual remuneration to be paid to all directors in their capacity as such is 7,000 thousand euros.

### 4.2 Coverage of Risk and Civil Liability Benefits

The Company pays the premiums under insurance policies that it has taken with certain insurance companies for the coverage of the death or disability of directors caused by accidents, and the Company itself assumes coverage of benefits for the death or disability of directors due to natural causes. Furthermore, the Company pays the premiums under insurance policies providing coverage against civil liability deriving from holding the office of director.

### 4.3 Non-competition

External non-proprietary directors who cease to hold office prior to the expiration of the term to which they were appointed, if such cessation is not the consequence of a breach attributable thereto or exclusively due to the director’s own decision, may not hold office in management decision-making bodies of companies within the energy industry or of other competitor companies or participate in any other way in the management thereof or in the provision of advice thereto for the remaining term of their appointment (with a maximum of two years).

Non-executive directors who cease to hold office due to the provisions of the succession plan included in the General Corporate Governance Policy shall not be subject to any non-compete commitment, nor shall they have the right to receive any compensation for the cessation from office. This right shall also not be held by directors who cease to hold office voluntarily or as a result of a breach of their duties.

In other cases, the compensation to which external non-proprietary directors are entitled for the non-compete commitment shall be equal to 90% of the fixed amount that the director would have received for the remainder of the director’s term (assuming that the annual fixed amount that the director receives at the time of cessation from office is maintained), with a maximum equal to two times 90% of such annual fixed amount.

5. Structure of Remuneration of Executive Directors for the Performance of Executive Duties

The remuneration that executive directors are entitled to receive for the performance of executive duties at the Company (i.e. other than the duties inherent in their status as members of the Board of Directors) is structured as follows:
5.1 Fixed Remuneration

This portion of the remuneration shall be in line with the remuneration paid in the market by companies with comparable capitalisation, size, ownership structure and international scope.

In 2018, the chairman & CEO will have the right to receive annual fixed remuneration of 2,250 thousand euros, and the Business CEO will have the right to receive 1,000 thousand euros.

The remuneration of the executive directors will change based on the specific responsibilities and nature of the functions performed and will be reviewed annually by the Board of Directors upon a proposal of the Remuneration Committee. For these purpose, this Committee may rely on external advisors to perform the market studies and analyses that it deems appropriate.

5.2 Short-term Variable Remuneration

A portion of the remuneration of executive directors (and of that of officers and employees) is variable, in order to strengthen their commitment to the Mission, Vision and Values of the Iberdrola group and its strategic goals and to incentivise the best performance of their duties. The maximum variable remuneration for each year will be that which is stipulated in the Annual Director Remuneration Report.

The targets to which the remuneration of the chairman & CEO will be linked shall be those reflected in the Annual Director Remuneration Report, and will be related to parameters such as:

- Net Profit, Gross Operating Profit (EBITDA), cash flow, etc.
- Shareholder remuneration compared to other securities and indices.
- Development and application of the Stakeholder Relations Policy and commitment to the social dividend.
- Equality policies.
- Commitment and results in the fight against climate change in line with what was approved by the shareholders at the General Shareholders’ Meeting 2017.
- Management of corporate reputation, measured by the Company’s presence on sustainability and ethics indices.
- Promotion of good governance and best practices.

For other executive directors, the targets to which his variable remuneration will be linked will be those relating to parameters such as:

- Net Profit, Gross Operating Profit (EBITDA), cash flow, etc.
- Level of the Group’s efficiency level measured by operating expenses over gross margin.
- Selection and implementation of profitable investments that create value.
- Levels of occupational safety and labour climate.

In each Annual Director Remuneration Report, the Company shall report on the implementation of this Policy and on the specific goals for each financial year and the level of achievement thereof.

The Remuneration Committee shall evaluate the performance of each of the executive directors, for which purposes it may rely on the advice of an independent expert, and shall submit a reasoned proposal to the Board of Directors for approval thereof.

The Board of Directors shall have a margin of discretion in evaluating compliance with the indicators, based on a proposal made by the Remuneration Committee, taking into account regulatory uncertainty, among other factors.

5.3 Long-term Variable Remuneration: Share Delivery Plans

The Company has a long-term incentive plan in effect directed towards employees who, due to their position or responsibility within the Group, are considered to contribute decisively to the creation of value, and towards the executive
directors, consisting of the delivery of shares linked to the performance of the Group in relation to the development of the Outlook 2016-2020 and subsequent updates thereof approved by the Board of Directors.

Share delivery plans are subject to approval by the shareholders at a General Shareholders’ Meeting, who also set the objective and quantifiable parameters determining the accrual thereof as well as their relative weighting. The shareholders at the General Shareholders’ Meeting held on 31 March 2017 approved the 2017-2019 Strategic Bonus along these lines.

The parameters include economic/financial and comparative total shareholder return, operational/industrial and corporate social responsibility variables, and must in any case be consistent with the strategy of the Company determined by the Board of Directors, with a minimum level beyond which they are considered to be achieved and a target to reach the highest grade.

The Remuneration Committee evaluates performance and determines compliance with pre-established parameters. The committee may seek the advice of an independent expert for this purpose. The proposal thereof shall be submitted to the Board of Directors for approval.

The plans typically have a duration of six years, of which the initial three-year period is the period for evaluating the performance level compared to the parameters to which the plan is linked, and the next three years are the payment period during which the shares are delivered on a deferred basis.

In order to engage in a proper overall evaluation of performance, circumstances occurring after the approval of each of the plans having a material impact, either positive or negative, on the Outlook 2016-2020 and subsequent updates thereof or on the main economic/financial variables of the Company (corporate transactions, mergers, split-offs, acquisitions, extraordinary dividends, etc.) shall be taken into account.

At the end of the evaluation period for each of the incentive plans, the plan shall accrue annually in equal parts (in the case of the 2017-2019 Strategic Bonus, the accrual shall occur during the first half of 2020 and during the first quarter of 2021 and 2022). Each annual accrual and the corresponding payment thereof must be approved by the Board of Directors, after a report from the Remuneration Committee.

In this connection, during each of the three years of the payment period and for each delivery of shares, it is expected that there will be an evaluation whether to confirm or totally or partially cancel the corresponding payment and, if applicable, to claim the total or partial reimbursement of the shares already delivered (or the amount thereof in cash) under certain circumstances. The shares shall be delivered along with the remuneration corresponding to said shares that has accrued since the initial allocation thereof to the beneficiaries.

Furthermore, executive directors who are beneficiaries of the incentive plans may not transfer ownership of the shares received for a period of three years unless they are the direct or indirect holders of a number of shares equal to two times their annual fixed remuneration or unless the Board of Directors so approves under exceptional circumstances.

5.4 Remuneration for holding the position of director at other companies of the Group that are not wholly owned

Executive directors and officers of the Group who hold the position of director at companies that are not wholly owned, either directly or indirectly, by the Company, may receive remuneration corresponding to the position from said companies in accordance with their corporate governance rules on the same terms as the other directors.

5.5 Neutrality

The Board of Directors shall ensure that variable remuneration of any kind may not be based merely on the general performance of the markets, of the industry in which the Company operates or on other similar circumstances.

5.6 Benefits

The remuneration system for executive directors may be supplemented by health and life insurance, in line with practices in the market by companies with comparable capitalisation, size, ownership structure and international scope.

The Company does not currently have any commitment to provide defined contributions or defined benefits to any retirement or long-term saving system of any director.
5.7 Malus and Claw-Back Clauses

The Board of Directors, with due regard to any proposal made by the Remuneration Committee, has the power to cancel the payment of long-term variable remuneration (malus clause) or to request the return of remuneration already paid (claw-back clauses) under special circumstances. These circumstances include fraud, serious violation of the law and a material restatement of the financial statements on which the Board based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules.

The Board of Directors also has the power to suspend the payment of short-term variable remuneration if the beneficiary thereof has seriously breached the Code of Ethics without having remedied the consequences of said breach.

In the case of the Strategic Bonus, the power to demand a return of shares delivered shall be governed by a resolution of the shareholders acting at a General Shareholders’ Meeting and the provisions of the rules implementing said resolution and approved by the Board of Directors, after a report from the Remuneration Committee.

The proportion of the amounts to be withheld or recovered shall be determined in the discretion of the Board of Directors, after an opinion of the Remuneration Committee, based on the specific circumstances giving rise to the demand.

5.8 Severance Clauses

Since the end of the 1990s, the executive directors, as well as a group of officers, have the right to receive severance compensation in the event of termination of their relationship with the Company, provided that such termination is not the consequence of a breach attributable thereto or of the sole decision thereof. In the case of the chairman & CEO, he is entitled to three times annual salary. Any reduction in the number of annual salary payments to this group might entail a high cost for the Company, for which reason the Board of Directors has decided not to change the current status quo, given the average age of the affected group and the practically non-existent execution of these types of guarantees. Each annual director remuneration report describes the ongoing reduction in the number of affected persons and any payment of this type of severance in each financial year. Since 2011, a severance limit of two times annual salary applies to new contracts with executive directors and senior officers, as well as the Group’s Business CEO.

5.9 Appointment of New Executive Directors

To the extent possible, the remuneration of new executive directors shall be in line with the remuneration policy for the current executive directors. The fixed remuneration of the new executive directors shall be set at the time of their appointment taking into account market terms and comparable positions as well as their experience level. New executive directors shall participate in annual long-term incentives based on the same principles as the current ones. The Board of Directors, after taking account of the recommendation of the Remuneration Committee, reserves the right to deviate from established practice to the extent necessary to ensure the hiring of appropriate candidates, in view of the Company interest.

6. Adjustment to Economic Situation and International Environment

The application of this Policy shall be appropriately adjusted to conform to the economic situation and international environment, upon a proposal of the Remuneration Committee, which may rely on the advice of an independent expert to this end. If appropriate, all of the details of and reasons for any adjustment shall be provided to the shareholders in the next published annual director remuneration report.

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
7. Basic Terms of the Contracts with Executive Directors

a. Indefinite duration

The contracts with executive directors of the Company are of indefinite duration, and financial compensation is contemplated therein, as set out in sections 5.8 and 7.d), in the event of termination of the contractual relationship with the Company, provided that such termination does not occur exclusively due to the decision of the executive directors to withdraw or as a result of a breach of their duties.

b. Applicable legal provisions

The contracts with executive directors are governed by the legal provisions applicable in each case.

c. Compliance with the Company’s Corporate Governance System

Executive directors have the duty to strictly observe the rules and provisions contained in the Company’s Corporate Governance System, and especially, given the significance thereof, the principles and guidelines set out in the Preamble and in the Preliminary Title of the By-Laws, as well as in the Code of Ethics, which in any case shall be the reference point for the proper interpretation of the provisions of this Director Remuneration Policy.

d. Non-competition

Given the scope of their knowledge of the design and execution of the Company’s strategy and business plans, the contracts with executive directors in all cases establish a duty not to compete with respect to companies and activities that are similar in nature during the term of their relationship with the Company and for a period of between one and two years thereafter. As consideration for such commitments, the executive directors are entitled to a severance payment equal to the remuneration for such period.

e. Confidentiality and return of documents

There is a rigorous duty of confidentiality both during the term of the contracts and after the relationship has terminated. In addition, upon termination of their relationship with the Company, the executive directors must return to the Company any documents and items in their possession relating to the activities carried out thereby.

8. Principle of Full Transparency

The Board of Directors of the Company assumes the commitment to enforce the principle of the fullest transparency of all the items of remuneration received by all directors, providing clear and adequate information as much in advance as required and in line with the good governance recommendations generally recognised in international markets in the area of director remuneration.

For such purpose, the Board of Directors establishes this Director Remuneration Policy and ensures the transparency of director remuneration by including in the Company’s annual report a detailed breakdown, according to positions and status, of all remuneration received by the directors, whether as such, in their capacity as executives, if applicable, or in any other capacity, and whether such remuneration has been paid by the Company or by other companies of the Group.

In addition, the Board of Directors prepares the Annual Director Remuneration Report on an annual basis, which is made available to the shareholders upon the call to the General Shareholders’ Meeting and is submitted to a consultative vote as a separate item on the agenda.

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This Director Remuneration Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended by the Company’s General Shareholders’ Meeting on 13 April 2018.
9. Senior Management Remuneration Policy

28 March 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) hereby approves this Senior Management Remuneration Policy in exercise of the powers vested therein.

The Company desires to continue to focus on the ongoing improvement and full alignment of the Senior Management Remuneration Policy with the good governance recommendations generally recognised in international markets in the area of senior management remuneration, adjusting them to the specific needs and circumstances of the Company and of the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”).

1. Scope

For purposes of the Company’s Corporate Governance System, the members of senior management are deemed to be those members of management who report directly to the Board of Directors, to the chairman thereof or to the chief executive officer of the Company and, in all cases, the director of the Internal Audit Area, as well as any other member of management that the Board of Directors deems to be a member of senior management.

2. Purpose and Basic Principles

The Senior Management Remuneration Policy seeks to offer remuneration systems that make it possible to attract, retain and motivate the most qualified professionals, in order to enable the Company and the Group to attain their strategic objectives within the increasingly competitive and internationalised context in which they operate.

To this end, the Senior Management Remuneration Policy seeks to:

a. Ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-à-vis that of comparable entities at the domestic and international level. It has been established by taking into account the differences existing in the area of senior officer remuneration in the various regions in which the Group operates.

b. Establish the remuneration, in accordance with objective standards, based on the individual performance of the members of senior management and on the achievement of the corporate objectives of the Company and the Group.

c. Include a significant annual variable component tied to the achievement of specific, pre-established, quantifiable objectives in line with the corporate interest and strategic goals of the Company. The foregoing should be understood to be without prejudice to the possibility of considering other objectives, especially in the area of corporate social responsibility.

d. Foster and encourage the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of the Group and of its management team, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals.

e. Set appropriate maximum limits to any short-term or long-term variable remuneration, and establish suitable mechanisms to reconsider the implementation and payment of any deferred variable remuneration when a reformulation occurs that has a negative effect on the Company’s consolidated annual accounts, including the potential total or partial cancelation of payment of deferred variable remuneration in the event of a correction of the annual accounts on which such remuneration was based.

Without prejudice to the foregoing, the Senior Management Remuneration Policy shall be suitably adjusted to the prevailing economic situation and the international context.
3. Competent Bodies

The Board of Directors is the body with authority to approve the Senior Management Remuneration Policy as well as the basic terms of the contracts with senior officers, based for such purpose on a proposal that the chairman of the Board of Directors or the chief executive officer makes to the Remuneration Committee for the issuance of a report thereon and the submission thereof to the Board of Directors.

Pursuant to the provisions of the Company’s Corporate Governance System, the establishment of systems of remuneration for the members of senior management consisting of the delivery of shares of the Company or of rights thereon, or of remuneration indexed to the value of shares, requires the approval of the shareholders acting at a General Shareholders’ Meeting.

4. Structure of Remuneration of the Members of Senior Management

As in the case of the chairman of the Board of Directors & CEO, the remuneration package for the members of senior management primarily consists of:

a. Fixed remuneration, adjustable on an annual basis.

b. Variable remuneration, consisting of an annual variable component (short term) and another tied to the Company’s performance with respect to certain specific, pre-established and quantifiable economic/financial, industrial and operational parameters in line with the strategic (long term) goals of the Company and of the Group.

The parameters shall refer mainly to economic/financial, industrial and operational aspects and shall be specific, pre-established, quantifiable parameters in line with the corporate interest and with the strategic goals of the Company, as well as with the creation of shareholder value over the long term and in a sustained fashion, taking into account the professional’s area of activity and individual performance.

The timeframe to be used for guidance purposes in medium- and long-term remuneration programmes shall be three years, and in the case of systems linked to shares of the Company, excessive dilution shall be avoided and the amount of remuneration shall be calculated at market prices. Appropriate minimum holding periods may be established in respect of a portion of the shares received. If there is a correction in the annual accounts upon which such remuneration was based, the Board of Directors shall evaluate whether it is appropriate to totally or partially cancel payment of the deferred variable remuneration.

It is also ensured that the accrual of variable remuneration of any kind is not based merely on the general performance of the markets, of the industry in which the Company operates, or on other similar circumstances.

c. A set of benefits, including insurance and social security systems as well as in-kind remuneration.

5. Basic Terms of the Contracts

Such terms are the following:

a. Indefinite duration

The contracts of the members of senior management of the Company are of indefinite duration, and financial compensation is contemplated therein in the event of termination of the contractual relationship with the Company, provided that such termination does not occur exclusively due to the professional’s decision to withdraw or as a result of a breach of the duties thereof.

The amount of the severance payment is established in accordance with length of service and the reasons for the professional’s withdrawal from office, up to a maximum of five times annual salary. A limit of two times annual salary shall apply to new contracts with members of senior management signed as from 2011.
b. Applicable legal provisions

The contracts with the members of senior management of the Company are governed by the legal provisions applicable to senior officer special employment relationship agreements or by such special terms and conditions of the common employment system (*régimen laboral común*) as are determined by the Company or as legally apply from time to time.

c. Compliance with the Company’s Corporate Governance System

All of the members of senior management of the Company have the duty to strictly observe the rules and provisions contained in the Company’s Corporate Governance System to the extent applicable thereto.

d. Non-competition

The contracts with members of senior management in all cases establish a duty not to compete with respect to companies and activities that are similar in nature to those of the Company and the Group, during the term of their relationship with the Company and for a period of not less than one year following termination thereof, and also provide for payment, for each year of duration of such agreement not to compete, of an amount equal to 50% of the fixed remuneration received during the last full financial year.

e. Confidentiality and return of documents

A rigorous duty of confidentiality is established, which must be assumed by the professional and complied with both during the term of the contract and once the relationship has terminated, with the Company reserving the right to bring such legal actions as may be appropriate to defend its interests. In addition, the professional must return to the Company any documents and items relating to the professional’s activity that are in the possession thereof upon termination of the relationship with the Company, in accordance with such terms and conditions as are set forth by the Company.

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This Senior Management Remuneration Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 28 March 2019.
10. Statutory Auditor Contracting and Relations Policy

22 October 2018

The Audit and Risk Supervision Committee of IBERDROLA, S.A. ("Iberdrola" or the "Company") approves this Statutory Auditor Contracting and Relations Policy (the "Policy"), the purpose of which is to ensure that the position of statutory auditor of the Company is held by an independent firm that has the technical qualifications required to perform its work in an efficient and responsible manner and in accordance with applicable legal provisions.

This Policy governs the selection, appointment and any re-election or removal of the statutory auditor of the individual accounts of the Company and of the accounts of the Company consolidated with those of the companies making up the group of which the Company is the controlling entity, within the meaning established by law (the "Group"), as well as the framework of relations with such statutory auditor and the procedure for evaluating the activities thereof.

This Policy also sets forth the principles that must govern the selection, appointment and any re-election or removal of the statutory auditors of the other companies within the Group, as well as the framework of relations between such companies and their auditors.

1. Appointment, Re-election and Removal

The appointment, re-election and removal of the statutory auditor that is to verify the individual annual accounts of the Company as well as the accounts of the Company consolidated with those of the companies belonging to the Group is within the purview of the shareholders acting at the General Shareholders' Meeting.

The Board of Directors shall submit for the approval of the shareholders at the General Shareholders' Meeting the proposal for appointment, re-election or removal of such statutory auditor pursuant to the provisions of Iberdrola’s Corporate Governance System and applicable legal provisions.

2. Procedure for Selection, Contracting and Proposal for Appointment

The Audit and Risk Supervision Committee (the "Committee") is the body responsible for the procedure of selecting the Company’s statutory auditor.

In particular, the Committee shall establish the minimum requirements to be satisfied by entities applying to act as statutory auditors of the Company, as well as the most appropriate selection and contracting procedure, which must be impartial, transparent, efficient and non-discriminatory, and contemplate the holding of a tender among the various candidate entities to ensure compliance with the foregoing requirements. In any event, the Committee shall ensure, among other things, strict compliance with the regulations applicable to the selection and contracting of statutory auditors, and particularly the equal treatment of the candidates.

For such purposes, the Committee shall approve a set of bid terms and conditions for all candidates invited to participate in the procedure, whereby they may become familiar with the activities of the Company and the characteristics and scope of the required services, including any services other than auditing. The bid terms shall also contain a tentative schedule for the process.

To protect the integrity of the selection process and the confidential information that the Company makes available to the candidates, a corresponding confidentiality agreement shall be signed with each of them.

The bid terms and conditions shall include transparent and non-discriminatory selection standards, which the Company shall apply objectively in evaluating the bids submitted. Such standards must include at least the following:
i. The statutory auditor’s resources, skills and experience, especially in the energy sector, in the application of International Financial Reporting Standards, in the provision of services to the Group, in the auditing of international groups similar in size to that of the Group, and in maintaining relations with audit committees at listed companies.

ii. The presence of the statutory auditor in the countries in which the Group does business.

iii. The independence of the statutory auditor, particularly due to its individual circumstances or in relation to the provision to the Group of non-audit services, pursuant to applicable legal provisions, as well as any other circumstance arising from the independence rules to which the statutory auditor is subject.

iv. The quality and efficiency of its services. For this purpose, the Committee shall take into account the results of the inspections of the various statutory auditors that may have been performed by the Instituto de Contabilidad y Auditoría de Cuentas (Institute of Accounting and Accounts Auditing) (the “ICAC”) or other leading regulatory bodies, as well as strict compliance with any other requirement established by applicable legal provisions at any time.

In no event may the ability of the statutory auditor to provide non-audit services be a standard for selection.

The Committee shall establish a weighting for each of the selection standards set out in the bid terms and conditions, which shall not form a part thereof. The Committee shall not overweight the proposed fees or other quantitative aspects.

In addition to the selection standards, the bid terms and conditions must state the terms of the bid that can be negotiated by the statutory auditor in strict compliance with the legal provisions in effect at any time.

The Supervision Committee may provide in the bid terms and conditions for the possibility of not giving an award or abandoning the tender.

The Committee, through the secretary of the Board of Directors, may request the assistance of officers or employees of Iberdrola or of any company of the Group that has an audit committee and that is not subordinate to a country subholding company that has its own audit committee. In turn, the audit committees of the country subholding companies shall channel the Committee’s requests for assistance addressed to the officers or employees of their subsidiaries.

In this regard, the division or area of the Group that provides assistance shall make conclusions regarding the selection process in a report to be ratified, if applicable, by the Committee or the audit committee of the country subholding company, as appropriate.

The candidates shall submit their bids to the Committee at one or more meetings called for this purpose, at which the Committee may ask the candidates questions and request the clarifications it deems are appropriate.

Communications with the candidates shall in any event be led by the Committee. The candidates must refrain from requesting additional information through channels other than those established by the Committee for such purpose in the bid terms and conditions. Furthermore, no company of the Group shall respond to any question or request for information that is not channelled through the Committee.

The Committee shall not submit a proposal to the Board of Directors for appointment of an audit firm as the Company’s statutory auditor if it has evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts. In particular, the foregoing shall apply if the fees accrued from the provision of audit services and services other than audit that the Company and any other entity of the Group expect to pay the statutory auditor or audit firm or a member of its network during each of the last three consecutive financial years represent more than fifteen per cent of the total annual income of the statutory auditor or audit firm and of said network.

In addition, the total fees received for services other than audit may not exceed sixty per cent of the average of the fees paid during the last three financial years for audit work provided to the Company and to the other entities of the Group.

The tender may include the selection of the statutory auditor of other companies of the Group provided that applicable legal provisions in each case do not prevent the selection thereof.

Once the bids submitted have been evaluated in accordance with the selections standards set forth in the bid terms and conditions, the Committee, based on the report, if any, submitted by the relevant division or area, shall submit to the Board of Directors a report describing the selection process and recommending two candidates to serve as statutory auditor of the individual accounts of the Company and the accounts of the company consolidated with those of its subsidiaries, indicating its preference for one of them and providing sufficient grounds therefor.

In stating its preference for one of the candidates in its report, the Committee shall state that its recommendation is free from any third-party influence and that no contractual provision has been imposed upon it whereby the election is restricted to certain categories or lists of statutory auditors, pursuant to the terms of applicable legal provisions.

Said report shall also indicate the financial years for which the Committee recommends appointing the candidates in question.
In view of the report, the Board of Directors shall propose to the shareholders at the General Shareholders’ Meeting the appointment of one of the two candidates selected by the Committee, with the reasons for the proposal if it differs from the preference of this committee.

3. Proposal for Re-election

Before the end of the financial year in which the appointment of the Company’s statutory auditor is to expire, the Committee shall consider its possible re-election or, if appropriate, the commencement of the procedure for selecting and appointing a new statutory auditor, pursuant to the provisions of the preceding section.

To such end, the Committee shall take into account the result of the annual evaluation of the independence and quality of the work performed by the Company’s statutory auditor, as well as any time and quantitative limits established by applicable legal provisions.

The Committee shall submit to the Board of Directors the proposed re-election of the statutory auditor in order for it to submit the proposal to the shareholders at the General Shareholders’ Meeting.

4. Proposal for Removal

The Committee may only propose the removal of the statutory auditor to the Board of Directors, for subsequent submission to the shareholders at the General Shareholders’ Meeting, if so allowed by legal provisions.

5. Relationship with the Statutory Auditor

The Committee shall serve as the channel of communication between the Board of Directors and the statutory auditor. The Committee shall maintain an objective, professional, fluid and ongoing relationship with the Company’s statutory auditor, and shall at all times respect the independence thereof.

The Committee shall ensure that the Board of Directors meets with the statutory auditor at least once per year in order to receive information regarding the work performed and regarding the accounting status and risks of the Company.

The annual schedule of Committee meetings must include all items that might influence the audit report and the independence of the statutory auditor. The following actions should be taken to facilitate communication between the Committee and the statutory auditor:

a. The Committee and the statutory auditor must notify each other of any significant aspect detected in relation to accounting, the internal control system or auditing.

b. The Committee must ask the statutory auditor for information regarding the most important aspects of its strategy and its work plan in relation to the audit of the Company, including: (i) the determination of the materiality figure; (ii) how it plans to respond to the most significant risks; (iii) the resources assigned to the performance of the work; (iv) the reasons for the use of specialists, if required; and (v) a schedule for the planned work, indicating the nature and scope of the tests of controls and substantive tests that have been planned.

c. The Committee shall discuss with the statutory auditor the opinions rendered regarding: (i) the quality and applicability of the Company’s accounting principles; (ii) the major assumptions used in critical estimates, particularly those with a high level of uncertainty, and significant changes thereto; (iii) errors and violations identified by the statutory auditor, specifying whether or not they have been corrected by Iberdrola; and (iv) difficulties encountered during the course of the audit.

d. During the audit work, the Committee must ask the statutory auditor for the communications required to facilitate the supervision of the process of preparing the economic/financial information relating to the Company and its group, including its opinion on the accounting treatment of complex, high-risk or controversial transactions by management.

e. The Committee must ask the statutory auditor for information regarding: (i) the materiality figures, for the financial statements as a whole and, if applicable, for particular transactions, balances or information to be...
disclosed in the notes; (ii) consideration of qualitative aspects for determination thereof; and (iii) how it will determine the scope and level of the audit work.

f. The Committee shall discuss with the statutory auditor the methods and assumptions used by management in significant accounting estimates, as well as the effect of considering alternative methods or assumptions, and the consideration by the statutory auditor of data or information that might contradict management’s assumptions.

g. The Committee and the statutory auditor shall evaluate whether their communication and relationship have been appropriate, and if necessary, whether the Committee should adopt measures to improve them.

The Committee shall verify compliance with the statutory auditor’s audit plan, for which purpose it shall regularly receive from the statutory auditor information regarding such audit plan and the results of the implementation thereof.

For its part, the statutory auditor shall submit to the Committee an annual report with its recommendations as a product of its work. The Committee shall follow up on all recommendations proposed by the statutory auditor, and may require its cooperation whenever it deems it necessary. The statutory auditor shall also explain to the Committee how it has dealt with the risks encountered.

Finally, whenever the Committee knows or has been informed that the statutory auditor believes that any of the circumstances provided for in article 12.1 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (or any other legal provision that at any time replaces such article) is present, it shall propose to the Board of Directors the adoption of appropriate measures to cause the removal of the reasons for such circumstances, to the extent that they are factors under the Company’s control, or if not possible to mitigate the impact thereof on the financial statements.

6. Independence

The Company’s Corporate Governance System ensures the establishment of the required relations between the Committee and the statutory auditor so that the former receives from the latter specific information regarding matters that might entail threats to the independence thereof.

The Committee shall endeavour to ensure that the statutory auditor of the Company is independent and that this is made clear in the relations between them. To this end, it must authorise, prior to formalisation thereof, any contract it intends to sign with the statutory auditor or with any member of its network for the provision of services other than auditing to the Company or any of the companies of its Group, in order to be able to individually and globally analyse the threats to independence that might arise from said contracts. The Committee shall continuously communicate and coordinate with the audit and compliance committees of the other companies of the Group for this purpose.

The Committee must assess the aspects set forth in the Regulations of the Audit and Risk Supervision Committee in order to approve the provision of non-audit services by the statutory auditor.

Without prejudice to the foregoing, the statutory auditor may carry out limited audits or reviews of the interim accounts that are published with a frequency of less than one year pursuant to applicable legal provisions.

The Committee shall also be immediately informed of any contracting of audit or non-audit services from firms performing audits at companies of the Group, with a level of detail sufficient to allow it to perform a global and effective analysis of the effect that the contracting of these services may have on independence from an individual and collective viewpoint.

On an annual basis, the Committee shall receive from the Company’s statutory auditor a certification of independence of the firm as a whole and of the members of the team participating in the process of auditing the annual accounts of the Group from the Company or entities directly or indirectly connected thereto, as well as a detailed breakdown of information regarding additional services (other than auditing) of any kind provided to such entities by said statutory auditor or by persons or entities connected thereto, pursuant to the legislation governing the audit of accounts. In addition, in the annual certification that it sends to the Committee, the statutory auditor shall report on compliance with the internal procedures of quality assurance and protection of independence that have been implemented.

On an annual basis and prior to the issuance of the audit report, the Committee shall issue a report setting forth an opinion on the independence of the statutory auditor. This report must contain an assessment of the possible impact on the independence of the statutory auditor of each and every one of the additional services other than the legal audit referred to in the preceding paragraph, considered individually and as a whole.
The Committee must also discuss with the statutory auditor any circumstance that might give rise to a threat to the independence thereof and evaluate the effectiveness of the protective measures adopted, as well as understand and evaluate the set of relationships between the Group and the statutory auditor and its network that entail the provision of non-audit services or any other type of relationship.

Furthermore, the Committee shall monitor the internal procedures for assuring quality and safeguarding independence implemented by the Company’s statutory auditor.

The audit firms carrying out audits of accounts at companies of the Group shall on an annual basis provide to the Committee, through the audit committees or the bodies at each company assuming the powers thereof, information regarding the profiles and the track record of the persons making up the audit teams working for the Company and the Group, with specific mention of the changes in the composition of such teams compared to the immediately preceding financial year.

The Committee shall also receive information on the hiring by any of the companies of the Group of professionals coming from any of the Group’s audit firms.

## 7. Transparency

The Committee shall review the information published in relation to the audit of accounts, and particularly the fees paid by the Company to the various audit firms working for the Group, both in consideration for the audit of accounts and for services other than the audit of accounts, specifying the fees paid to the statutory auditor and those paid to any company of the network to which the statutory auditor belongs or to any other company to which the statutory auditor is related under a relationship of joint ownership, management or control. The Committee shall also include in the Activities Report of the Board of Directors and of the Committees thereof information regarding activities performed during the preceding financial year in relation to the statutory auditor and the audit of accounts.

## 8. Evaluation

On an annual basis, the Committee shall evaluate the conduct of the statutory auditor and the contribution thereof to the quality of the audit and to the integrity of the financial information.

Such evaluation shall include at least the following parameters: (i) the independence of the statutory auditor; (ii) its knowledge of the businesses of the Group; (iii) the frequency and quality of its communications; (iv) the public results of the quality controls or inspections carried out by the ICAC and other supervisors; and (v) the reports on transparency of the statutory auditor, as well as any other available information.

The Committee shall also gather the opinion on the statutory auditor of the directors of each of the businesses of the Group and of the corporate Finance and Resources, Administration and Control, and Internal Audit areas, as well as of any other officer of the Group that the Committee deems appropriate at any time due to such officer’s significant contact with the statutory auditor. For these purposes, on an annual basis, the Committee shall approve a survey to be sent to each of such officers that shall include parameters relating to the quality of the statutory auditor’s service, its resources, communication and interaction with the management in question, the scope of the audit and the independence of the statutory auditor.

In the event that, after the evaluation of the statutory auditor, the Committee finds that there are worrisome or unsolved issues regarding the quality of the audit, it must consider the possibility of informing the Board of Directors so that, if it so deems appropriate, it may provide evidence thereof to the supervisory bodies.

## 9. Statutory Auditors of the Other Companies of the Group

Companies legally considered to be public-interest entities within the European Union shall carry out their own procedures for the selection, appointment, re-election and removal of statutory auditors, which shall be conducted independently and shall be governed by the same rules and principles as those contained in this Policy, provided that they are not incompatible with specific legal provisions that may apply in each case. Those companies in other countries whose respective applicable legal provisions so require shall also do so.

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
Their respective tenders for the selection of a statutory auditor may include the award of audit work at their subsidiaries when so permitted by applicable legal provisions.

In any event, the relations between the other companies within the Group and their respective statutory auditors shall be governed by the principles of independence and transparency set forth above, also taking into account any specific regulations applicable thereto in each case.

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This Statutory Auditor Contracting and Relations Policy was initially approved by the Committee on 23 November 2005 and was last amended on 22 October 2018.
11. Iberdrola Group Financial Information Preparation Policy

24 July 2018

The Board of Directors of IBERDROLA, S.A. ("Iberdrola") recognises constant focus on the financial information that it provides to the market to be a strategic goal.

This Iberdrola Group Financial Information Preparation Policy seeks to define an orderly process for preparing the consolidated financial information applicable to all companies belonging to the group of which Iberdrola is the controlling entity, within the meaning established by law (the "Group"), one that is consistent with the principles of subsidiarity and decentralised management that govern the corporate structure and governance model of the Group, that ensures the consolidated financial information of Iberdrola has been prepared based on information provided by the various companies of the Group, and that clearly describes the responsibility of its management decision-making bodies in such process.

The main goal of this process is to ensure that the consolidated financial information that Iberdrola publishes reflects a true and fair view of the assets and liabilities, the financial position, the results and the cash flows of the group made up of the companies included in the consolidation.

1. Scope

This Iberdrola Group Financial Information Preparation Policy shall apply to all companies of the Group and shall affect the process of preparing the consolidated annual accounts, the interim management statements corresponding to the results of Iberdrola and its consolidated group for the first and third quarter, and the half-yearly financial report (the "Consolidated Financial Information").

2. Principles

The Iberdrola Group Financial Information Preparation Policy rests upon the following principles:

a. The formulation of the individual financial information of each of the companies of the Group is the responsibility of the management decision-making bodies of each company.

b. At country subholding companies, the responsibility of their management decision-making bodies shall extend to the formulation of the financial information of the consolidated subgroup made up of the country subholding company and its subsidiaries if the formulation of such information is required by applicable law or if the management decision-making body of the relevant country subholding company deems it appropriate to formulate such consolidated information.

c. Without prejudice to the provisions of law, the management decision-making body of each company shall also be responsible for the formulation of any financial information relating to its respective company that may be required to prepare the Consolidated Financial Information within the framework of the accounting consolidation process in accordance with the models and scopes defined by Iberdrola’s Administration and Control Division (the “Financial Information for Consolidation”).

d. The management decision-making bodies of the country subholding companies shall also be responsible for approving the Financial Information for Consolidation within which the company itself and its subsidiaries are included, and which form part of its subgroup.

e. The Financial Information for Consolidation shall be prepared in accordance with the accounting standards established in the Accounting Policies Handbook and the models approved by Iberdrola’s Administration and Control Division.

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f. Without prejudice to the principles set forth above, the management teams responsible for preparing the Financial Information for Consolidation of each of the companies of the Group shall coordinate with Iberdrola’s Administration and Control Division to reach agreement on the interpretive accounting standards to take into consideration when preparing such information. Any disagreement in this regard shall be reflected in writing when submitting the Financial Information for Consolidation.

g. Within the context of preparing the Consolidated Financial Information, companies with Financial Information for Consolidation that is covered by the scope of the verification procedures of Iberdrola’s external auditor shall ensure that the Financial Information for Consolidation has been audited by its external auditor before submitting it to the Administration and Control Division in accordance with the process described in the next section, and shall endeavour to ensure the avoidance of major disagreements with Iberdrola’s external auditor in relation to the application of the accounting principles to such Financial Information for Consolidation.

3. Process of Preparing Consolidated Financial Information

Before the beginning of each financial year, the office of the secretary of the Board of Directors of Iberdrola shall inform the Administration and Control Division of the date provided for the adoption of the resolution to formulate or the approval, as appropriate, of the Consolidated Financial Information.

The Administration and Control Division shall communicate to the management decision-making bodies of the Group’s companies the deadlines for submitting the Financial Information for Consolidation for each company, and in the case of the country subholding companies, for submitting that of their respective subgroups.

Such notice shall be coordinated with the requests for information that the chair of Iberdrola’s Audit and Risk Supervision Committee and the chairs of the audit and compliance committees of the country subholding companies send pursuant to the provisions of the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group in order to issue the required reports.

The management decision-making bodies of the country subholding companies, following a report from their respective audit and compliance committees, and based on the information received from their subsidiaries, shall prepare and approve the Financial Information for Consolidation corresponding to each subgroup, and once verified by their external auditor within the context of its review of the Consolidated Financial Information, shall send it to Iberdrola’s Administration and Control Division prior to the date indicated thereby, in order to prepare the Consolidated Financial Information and submit it for the formulation or approval of Iberdrola’s Board of Directors, as appropriate, after a report from its Audit and Risk Supervision Committee.

4. Powers Vested in Iberdrola’s Audit and Risk Supervision Committee and the Audit and Compliance Committees of the other Companies of the Group

The provisions of this Iberdrola Group Financial Information Preparation Policy shall be deemed without prejudice to the powers vested in Iberdrola’s Audit and Risk Supervision Committee and the audit and compliance committees of the other companies of the Group in relation to the financial information of their respective company.

In particular, the Financial Information for Consolidation of the companies that have their own audit and compliance committee must be reported on by such committee before being submitted for the approval of the management decision-making body of the company in question.

Said reports shall be submitted to the Audit and Risk Supervision Committee pursuant to the provisions of the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group.

This Iberdrola Group Financial Information Preparation Policy was initially approved by the Board of Directors on 24 July 2018.
12. Iberdrola Group
Non-Financial Information Preparation Policy

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company” or “Iberdrola”) has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve and update the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, and which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”).

1. Purpose

Iberdrola seeks to achieve its corporate interest by taking into consideration all of the Stakeholders related to its business activity and institutional reality, applying best corporate governance practices.

The transparency of the consolidated non-financial information that Iberdrola regularly publishes is a key element of its strategy to allow said Stakeholders to be aware of the social dividend generated by the Group and its contribution to the Sustainable Development Goals (SDGs) approved by the United Nations, in accordance with the commitments made in the Company’s By-Laws, in the Purpose and Values of the Iberdrola group, in the Code of Ethics and pursuant to its General Sustainable Development Policy.

This Iberdrola Group Non-Financial Information Preparation Policy (the “Policy”) defines an orderly process for preparing the consolidated non-financial information applicable to all companies of the Group, one that is consistent with the principles of subsidiarity and decentralised management that govern the corporate structure and governance model thereof, that ensures that the consolidated non-financial information of Iberdrola has been prepared based on information provided by the various companies of the Group and that clearly describes the responsibility of its management decision-making bodies in such process.

The main objective of the process is to ensure that the consolidated non-financial information that Iberdrola publishes reflects in all material respects, in a reasonable and balanced manner, the economic, environmental and social performance of the consolidated Group, with the scope defined by law and in accordance with international standards.

2. Scope

This Policy shall apply to all companies of the Group and shall affect the process of preparing the statement of non-financial information that the Board of Directors prepares on an annual basis and submits for the approval of the shareholders at the General Shareholders’ Meeting.

3. Principles

The Policy rests upon the following principles:

a. On an annual basis, Iberdrola’s Board of Directors prepares and submits for the approval of the shareholders at the General Shareholders’ Meeting the consolidated statement of non-financial information of the Company and its subsidiaries, which document also includes the individual non-financial information of the Company (the “Consolidated SNFI”);
b. prior to its publication for purposes of the call to the General Shareholders’ Meeting, the Consolidated SNFI shall be subject to assurance by an independent provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee;

c. the Sustainable Development Committee: (i) shall determine the general principles, standards and guidelines that must guide the preparation of the Consolidated SNFI, which shall be further developed and specified by the Corporate Social Responsibility and Reputation Division in a Guide for the Preparation of the Consolidated Statement of Non-Financial Information (the “Guide”); (ii) shall verify that the content of the Consolidated SNFI conforms to the Company’s sustainable development strategy; and (iii) shall submit its report to the Board of Directors, prior to the preparation thereby of the Consolidated SNFI, taking into account the report prepared by the Audit and Risk Supervision Committee referred to in the next paragraph;

d. the Audit and Risk Supervision Committee: (i) shall supervise the process of preparation and presentation of the Consolidated SNFI; (ii) shall verify the clarity and integrity of the content thereof; (iii) shall report to the Sustainable Development Committee on the two foregoing items prior to the issuance thereby of its report and the preparation by the Board of Directors of the Consolidated SNFI; and (iv) shall propose the appointment of and shall maintain communications with the independent assurance provider;

e. Iberdrola’s Corporate Social Responsibility and Reputation Division shall prepare the Consolidated SNFI in accordance with the provisions of the general principles, standards and guidelines defined by the Sustainable Development Committee and with the Guide;

f. the management decision-making bodies of the country subholding companies shall be responsible for the preparation and approval of the non-financial information of the consolidated subgroup made up of the corresponding country subholding company and its subsidiaries that is required to prepare the Consolidated SNFI in accordance with the models, scopes and procedures defined by Iberdrola’s Corporate Social Responsibility and Reputation Division pursuant to the provisions of the Guide;

g. the audit and compliance committees of the country subholding companies shall issue the reports that are required regarding the process of preparation and presentation and the clarity and integrity of the non-financial information corresponding to the respective company;

h. without prejudice to the foregoing principles, the organisations responsible for preparing the non-financial information for the consolidation of each of the companies of the Group shall coordinate with Iberdrola’s Corporate Social Responsibility and Reputation Division to approve the interpretive criteria for the standards applied in the preparation of the Consolidated SNFI pursuant to the standards and general principles defined by the Sustainable Development Committee and pursuant to the provisions of the Guide; and

i. the companies whose non-financial information is required to prepare the Consolidated SNFI shall provide the Company with all support necessary for the preparation thereof and for assurance thereof by the independent assurance provider.

4. Process of Preparing the Group’s Non-Financial Information

Before the beginning of each financial year, the Office of the Secretary of the Board of Directors of Iberdrola shall inform the Corporate Social Responsibility and Reputation Division of the date expected for the adoption of the resolution to formulate the Consolidated SNFI.

The Corporate Social Responsibility and Reputation Division shall communicate to the management decision-making bodies of the country subholding companies the deadlines for submitting the non-financial information for the preparation of the Consolidated SNFI corresponding to their respective subgroups.

Said notice shall be coordinated with the requests for financial information made by the Management and Control Division within the framework of the Iberdrola Group Financial Information Preparation Policy, as well as the requests for information made by the chair of Iberdrola’s Audit and Risk Supervision Committee pursuant to the provisions of the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group, in order to issue the required reports, and particularly in order for the Audit and Risk Supervision Committee to report on the process of preparation and presentation and the clarity and integrity of the Consolidated SNFI.
The management decision-making bodies of the country subholding companies, following a report from their respective audit and compliance committees, and based on the information received from the organisation responsible for preparing the non-financial information for consolidation, shall prepare and approve the non-financial information for consolidation corresponding to the subgroup thereof and shall send it to Iberdrola’s Corporate Social Responsibility and Reputation Division in accordance with the provisions of the Guide, prior to the date indicated thereby, in order to prepare the Consolidated SNFI.

Iberdrola’s Board of Directors shall prepare the Consolidated SNFI for submission to the shareholders for approval at the General Shareholders’ Meeting following a report from the Sustainable Development Committee, which in turn shall have received from the Audit and Risk Supervision Committee a report on the process of preparation and presentation thereof, as well as on the clarity thereof and on the integrity of the content thereof.

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This Policy was initially approved by the Board of Directors on 21 July 2020.
13. Anti-Corruption and Anti-Fraud Policy

24 April 2019

Corruption and fraud stifle economic growth, weaken democracy and undermine social justice and the Rule of Law, causing serious harm to the economy and to society, and in many cases facilitates the operations of organised crime.

IBERDROLA, S.A. (“Iberdrola” or the “Company”), which is a leader by virtue of its firm commitments to ethical principles, assumes the responsibility of actively participating in the challenge of fighting corruption and fraud in all of its areas of activity. For such purposes, the Company’s Board of Directors, which is vested with responsibility for formulating the strategy and approving the corporate policies of the Company and for organising the internal control systems, approves this Anti-Corruption and Anti-Fraud Policy.

1. Purpose

The Anti-Corruption and Anti-Fraud Policy is intended to convey to all officers and employees of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), as well as to third parties establishing relations therewith, an unambiguous message of opposition to corruption and fraud in all of their manifestations, and the Group’s desire to eradicate them in all of its activities, thereby contributing to the achievement of goal sixteen of the Sustainable Development Goals (SDGs) approved by the United Nations.

This Anti-Corruption and Anti-Fraud Policy is a commitment to unwavering vigilance and punishment of fraudulent acts and conduct or acts or conduct fostering corruption in all of its manifestations, to maintain effective mechanisms for communication and awareness-raising among employees, and to develop a corporate culture of ethics and honesty.

In the area of crime prevention, the principles contained in this Anti-Corruption and Anti-Fraud Policy take specific shape in the Crime Prevention Policy.

2. Scope

This Anti-Corruption and Anti-Fraud Policy shall apply to all officers and employees of the Company and of the other companies belonging to the Group.

The Group has a governance model in which decentralised executive responsibilities are assumed by the head of business companies of the Group, which enjoy the independence necessary to carry out the day-to-day administration and effective management of each of the businesses and are assigned the responsibility for the day-to-day control thereof through their respective boards of directors and management decision-making bodies, which, with the supervision of the Compliance Unit and other competent bodies, ensure the implementation and the monitoring of the action principles set forth in this Anti-Corruption and Anti-Fraud Policy, without prejudice to appropriate coordination at all levels within the Group. This model is complemented with the existence of country subholding companies that group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.

The listed country subholding companies may approve their own anti-corruption and/or anti-fraud policy applicable to said company and its subsidiaries to comply with the requirements applicable thereto due to its status as a listed company. The policy must in any case be in accord with the principles set forth this Anti-Corruption and Anti-Fraud Policy.

Furthermore, all persons acting as representatives of the Group at companies and entities not belonging thereto shall comply with the provisions of this Anti-Corruption and Anti-Fraud Policy and shall promote, to the extent possible, the enforcement of its principles at the companies and entities at which they represent the Group.
In any event, the country subholding and head of business companies may adopt policies and rules that adapt and develop the principles contained in this Anti-Corruption and Anti-Fraud Policy to the particular nature of each jurisdiction or business, reporting them to the Company's Compliance Unit. Officers and employees of the Group who are also subject to other policies or rules, whether applicable to a particular industry or deriving from the national laws of the countries in which they carry out their activities, shall also be bound hereby. Appropriate coordination shall be established in order to ensure that such policies or rules are consistent with the principles set out in this Anti-Corruption and Anti-Fraud Policy.

3. Principles of Conduct

The principles governing the Anti-Corruption and Anti-Fraud Policy are the following:

a. The Group does not tolerate, permit or become involved in any kind of corrupt practice, extortion or bribery in the conduct of its business activities, either in the public or in the private sector.

b. Iberdrola fosters a preventive culture based on the principle of “zero tolerance” towards corruption in the businesses in all its forms, as well as towards the commission of other wrongful acts and in fraud matters and on the application of principles of ethical and responsible behaviour by all professionals of the Group, irrespective of their level and the country where they work.

c. This principle of “zero tolerance” towards corruption in the businesses is of an absolute and primary nature regarding the possibility of obtaining any type of financial benefit for the Group or its professionals when based on a business or transaction that is unlawful or contrary to the principles set out in the Code of Ethics.

d. Relations between the professionals of the Group and any government administration, authorities, public officials or other persons who participate in the exercise of public functions, as well as political parties and similar institutions shall in any event be governed by the principles of cooperation, transparency and honesty. The companies of the Group have specific procedures to prevent any conduct that might be considered an act of corruption or bribery, the application of which is supervised by the Compliance Unit and the compliance divisions of the companies of the Group.

e. The professionals of the Group participate in appropriate training programmes, both in person and online or by any other appropriate method, with a frequency sufficient to ensure that their knowledge in this area is kept up to date. In particular, the professionals of the Group shall receive specific training regarding the Code of Ethics to prevent any instance of fraud, corruption or bribery.

f. The companies of the Group promote a transparent environment, maintaining appropriate internal channels to favour the communication of possible irregularities, including the use of the channel of communication with the Audit and Risk Supervision Committee to report financial or accounting irregularities, and the ethics mailboxes, which allow professionals of the Group, suppliers and shareholders of the Company to communicate conduct that may entail a breach of the Company's Corporate Governance System or the commission by a professional of the Group of an act contrary to the law or to the rules of the Code of Ethics.

g. The Group undertakes not to engage in any direct or indirect retaliation against persons who have used the channels referred to above or by any other means to report the commission of any improper conduct or any act contrary to law or the Corporate Governance System, including the rules of conduct of the Code of Ethics, unless they have acted in bad faith.

h. The risks associated with fraud, corruption and bribery are sufficiently considered in all internal procedures of the Group's companies, and particularly in all processes that involving the relationships thereof with third parties.

i. The Group’s relationship with its suppliers is based on legality, efficiency and transparency. Ethical and responsible behaviour is one of the pillars of the Group’s conduct, and its suppliers must comply with the Group's policies, rules and procedures in connection with the prevention of corruption, bribery and extortion. No supplier of the Group shall offer or give government officials, third parties or any employee of the Group, within the context of the business activity carried out for or on behalf of the Group, whether directly or indirectly, gifts, presents or other unauthorised advantages, whether in cash or otherwise, in order to secure favourable treatment in the award or maintenance of contracts or to obtain benefits for themselves or for the supplying company.
4. Review

The Sustainable Development Committee shall periodically review the contents of the Anti-Corruption and Anti-Fraud Policy, ensuring that it reflects the recommendations and best international practices from time to time in effect, and shall propose to the Board of Directors those amendments and updates that contribute to the development and ongoing improvement thereof, taking into account any suggestions or proposals made by the Compliance Unit or the professionals of the Group.

* * *

This Anti-Corruption and Anti-Fraud Policy was initially approved by the Board of Directors on 20 December 2016 and was last amended on 24 April 2019.
24 April 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) is vested with the responsibility of formulating the strategy and approving the corporate policies of the Company and for organising the internal control systems. The Board issues this Crime Prevention Policy in the discharge of these responsibilities, and consistent with its culture of prevention of improper activities.

1. Purpose

The Crime Prevention Policy is intended to convey to all members of the management team and professionals of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), as well as to third parties establishing relations therewith, an unambiguous message of opposition to the commission of any wrongful criminal acts and the desire of the Group to combat them and to guard against any possible erosion of its image and its reputational value and, ultimately, of the price of its shares and the value of the Company’s brand. This Crime Prevention Policy, together with the Anti-Corruption and Anti-Fraud Policy, shows the Group’s commitment to unwavering vigilance and punishment of fraudulent acts and conduct, to maintain effective mechanisms for communication and awareness-raising among employees and to develop a corporate culture of ethics and honesty.

To further develop this Crime Prevention Policy, the Company, through the Compliance Unit and other competent bodies, has implemented a specific and efficient programme to prevent the commission of crimes (as a set of measures designed to prevent, detect and react to possible crimes), which shall also cover the prevention and control of other fraud, administrative violations and serious improprieties, all within the framework of the process of revision and adjustment to the duties imposed by the Spanish Criminal Code after inclusion of criminal liability for legal entities, without prejudice to the laws and regulations applicable in any other jurisdiction in which the Company carries out its activities. Furthermore, the other companies of the Group have implemented similar programmes to prevent the commission of crimes.

The purpose of such programmes is, on the one hand, to assure third parties and judicial and administrative authorities that the companies of the Group effectively comply with the duties of supervision, monitoring and control of their activities by establishing appropriate measures to prevent crimes or to significantly reduce the risk of the commission thereof, and therefore exercise over their directors, officers, employees and other subordinates, based on its governance model, such proper control as is legally required thereof, including the monitoring of possible situations of crime risk that may arise within the their scope of action, even in those cases in which the attribution of such situations to a specific person is not possible; an additional objective is to strengthen the existing commitment to work against all forms of fraud and corruption, including extortion and bribery of public officials or other persons.

The programmes include action and supervision protocols designed to reduce the risk of commission of criminal wrongs and improper acts in general (conduct that is illegal or contrary to the Code of Ethics or the Corporate Governance System), supplemented by effective and permanent control systems that may be updated as required.

2. Scope

This Crime Prevention Policy shall apply to all officers and employees of the Company and of the other companies belonging to the Group.

The Group has a governance model in which decentralised executive responsibilities are assumed by the head of business companies of the Group, which enjoy the independence necessary to carry out the day-to-day administration and effective management of each of the businesses and are assigned the responsibility for the day-to-day control thereof through their respective boards of directors and management decision-making bodies, which, with the supervision of the Compliance Unit and other competent bodies, ensure the implementation and the monitoring of the action principles set forth in this Crime Prevention Policy, without prejudice to appropriate coordination at all levels within the Group. This model is complemented with the existence of country subholding companies that group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination.
coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.

Listed country subholding companies or companies not wholly owned by the Group may approve their own crime prevention policy applicable to said company and its subsidiaries to comply with any requirements applicable thereto due to its status as a listed company. The policy must in any case be in accord with the principles set forth in this Crime Prevention Policy.

Furthermore, all persons acting as representatives of the Group at companies and entities not belonging thereto shall, to the extent possible, promote the implementation of specific and effective programmes for the prevention of crimes similar to those of the companies of the Group.

Officers and employees of the Group who are also subject to other rules or policies, whether applicable to a particular industry or deriving from the national laws of the countries in which they carry out their activities, shall also be bound hereby. Appropriate coordination shall be established in order to ensure that such rules or policies are consistent with the principles set out in this Crime Prevention Policy.

3. Principles of Conduct

The principles governing the Crime Prevention Policy are the following:

a. Integrate and coordinate a set of actions required to prevent and combat both the possible commission of wrongful acts by any professional within the Group and, in general, possible situations of impropriety or fraud, as a basic pillar of the Crime Prevention Policy, in line with the Anti-Corruption and Anti-Fraud Policy, General Risk Control and Management Policy and the General Sustainable Development Policy.

b. Create a transparent environment, integrating the various systems developed to prevent crimes and maintaining appropriate internal channels to favour the communication of possible improper acts, including the use ethics mailboxes, which allow professionals of the Group, suppliers and shareholders of the Company to report financial or accounting improprieties and to communicate other conduct that may entail a breach of the Company’s Corporate Governance System or the commission by a professional of the Group of an act contrary to the law or to the rules of the Code of Ethics.

c. Act at all times in compliance with applicable law and within the framework established by the Code of Ethics, as well as pursuant to the internal rules and regulations of the Company.

d. Foster a preventive culture based on the principle of “zero tolerance” in respect of the commission of wrongful acts and on the application of principles of ethical and responsible behaviour by all professionals of the Group, irrespective of their level and the country where they work.

e. Within the drive for this culture of prevention, foster processes of self-control in the activities and decision-making of employees and officers, such that any action of a Group professional is based on four basic premises: (i) that it is ethically acceptable, (ii) that it is legally valid, (iii) that it is desirable for the Company and the Group, as well as (iv) that the professional is prepared to assume responsibility therefor.

f. Ensure that the Compliance Unit has the physical and human resources required to efficiently and proactively monitor the operation and observance of this Crime Prevention Policy, without prejudice to the responsibilities assigned to other decision-making bodies and divisions of the Company and, if appropriate, the administrative and management bodies of the country subholding companies and head of business companies of the Group.

g. Develop and implement appropriate procedures for the control and comprehensive management of crime prevention at all companies of the Group.

h. Keep the focus on proactive activities, such as prevention and detection, rather than on reactive activities, such as investigation and punishment.

i. Investigate any claim of an allegedly criminal act or of any fraudulent or improper act, regardless of the amount thereof and as soon as practicable, guaranteeing confidentiality in respect of the reporting party and the rights of the persons investigated. In addition, the companies of the Group shall provide all assistance and cooperation that may be requested by judicial and administrative bodies and domestic or international institutions and entities to investigate allegedly criminal, fraudulent or otherwise improper acts that have been committed by their professionals.
j. Seek a fair, non-discriminatory and proportional application of penalties as provided by applicable law from time to time.

k. Notify all professionals of the Group of their duty to report any act amounting to a possible criminal offence or improper act of which they have evidence, through the channels established in this regard, and specifically regarding any sign or suspicion that a planned transaction or operation might be connected with money laundering or the financing of any unlawful activity.

l. Implement appropriate training programmes, both in person and online or by any other appropriate method, for professionals of the Group regarding the duties imposed by applicable law, with a frequency sufficient to ensure that the knowledge of their professionals in this regard is kept up to date.

m. Impose disciplinary penalties in accordance with the provisions of law applicable at any time for conduct that contributes to preventing or impeding the discovery of crimes as well as the breach of any specific duty to inform the control bodies of violations that may have been detected.

4. Control, Evaluation and Review

a. Control

The Compliance Unit shall be responsible for controlling the implementation, development and fulfilment of the Crime Prevention Programme of the Company and of those companies of the Group that are not country subholding companies, head of business companies or companies in which they have a stake, and to supervise the implementation, development and fulfilment of similar programmes at the other companies of the Group, without prejudice to the responsibilities assigned to other bodies and divisions of the Company and, if applicable, to the administrative and management bodies of the country subholding companies and head of business companies of the Group.

For such purposes, the Compliance Unit shall have the power of initiative and control required to oversee the operation, effectiveness and observance of this Crime Prevention Policy, ensuring that the crime prevention programmes respond to the needs and circumstances of each of the companies of the Group at all times and that the disciplinary systems applicable in each case appropriately penalise the breach of the measures provided for in the programmes.

The foregoing is without prejudice to such bodies or units specifically focusing on the control of criminal or fraudulent activities as it may be necessary or advisable to create at other companies of the Group in order to comply with the industry-specific or national laws of the countries in which they carry out their activities, with which relations shall be established for coordination purposes as appropriate pursuant to the respective applicable law.

b. Evaluation

At least once per year, the Compliance Unit shall evaluate the observance and effectiveness of the Company’s Crime Prevention Programme. At least once per year, the compliance divisions of the country subholding and head of business companies of the Group shall also evaluate the observance and effectiveness of their respective crime prevention programmes. In any event when significant violations of the programmes become evident or there are changes in the organisation, the structure of control or the activities carried out by the companies of the Group, there shall be an assessment as to whether a modification thereof is appropriate.

c. Review

The Sustainable Development Committee shall periodically review the Crime Prevention Policy and shall propose to the Board of Directors those amendments and updates that contribute to the development and ongoing improvement thereof, taking into account any suggestions or proposals made by the Compliance Unit or the professionals of the Group.

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This Crime Prevention Policy was initially approved by the Board of Directors on 14 December 2010 and was last amended on 24 April 2019.
15. Corporate Tax Policy

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) is vested with the duty to approve the Company’s corporate policies and to formulate its tax strategy. The Board of Directors is also responsible for approving investments and transactions that are particularly important from a tax standpoint because of the high amount or special characteristics thereof.

In the exercise of such duties, the Board of Directors approves this Corporate Tax Policy (the “Policy”), which forms part of the corporate governance and regulatory compliance policies and sets forth the Company’s tax strategy, based on excellence and a commitment to the application of good tax practices within the framework of the corporate and governance structure of the group of entities of which the Company is the controlling entity, within the meaning established by law (the “Group”).

1. Purpose

The Company’s tax strategy consists basically of ensuring compliance with applicable tax laws and regulations and seeking to establish an appropriate coordination of the tax practices followed by the companies of the Group, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

To that end, the Company takes into account all legitimate interests, including public interests, that converge in its business. In this connection, the taxes that the Group pays in the countries and territories in which it does business are its main contribution to the funding of public purpose needs and, accordingly, one of its contributions to society and to the achievement of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations.

2. Principles

Compliance by the Group with its tax obligations and its relations with tax authorities shall be governed by the following principles, the application of which corresponds to each of the companies of the Group in accordance with the standards set out in section 4 below:

a. Compliance with tax rules in the various countries and territories in which the Group operates, paying all taxes due in accordance with the legal system.

b. The making of decisions on tax matters by the companies of the Group based on a reasonable interpretation of applicable legal provisions and in close relationship to the activities of the group.

c. The prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and the Group’s business risks.

d. The strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions.

e. The provision of information to the management decision-making bodies on the main tax implications of the transactions or matters submitted to it for approval, when they are a significant factor in making a decision.

f. Envisaging the taxes that Group companies pay in the countries and territories in which they operate as the principal contribution to sustaining public expenditures, and therefore as one of their contributions to society.
3. Good Tax Practices

Applying the foregoing principles, the Group assumes the following good tax practices:

a. Not to use artificial structures unrelated to the Group’s business for the sole purpose of reducing its tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.

b. Avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.

c. Not to create or acquire companies resident in countries or territories that Spanish legal provisions deem to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which the Group is forced to do so because it is an indirect acquisition in which the company in question is part of a group of companies that are being acquired, in which case the provisions of the Procedure for the Acquisition of Equity Interests in Entities Domiciled in Tax Havens approved by the Company’s Board of Directors must be taken into account.

This procedure shall also apply in the case of creation or acquisition of entities residing in countries and territories not considered to be tax havens under Spanish legal provisions but included in the EU grey list of non-cooperative jurisdictions and with which Spain has not signed a treaty for the avoidance of double taxation.

d. Follow the recommendations of the good tax practices codes implemented in the countries in which the companies of the Group do business, taking into account the Group’s specific needs and circumstances.

In Spain, the Company has adhered to the Code of Good Tax Practices (the “Code”) approved on 20 July 2010 by the full Forum of Large Businesses (Foro de Grandes Empresas) – established on 10 July 2009 at the behest of the National Tax Administration Agency (Agencia Estatal de Administración Tributaria).

Without prejudice to any revision of this Policy by the Company’s Board of Directors within the framework of ongoing improvement of the Corporate Governance System, the Company’s commitment concerning compliance with, further development, and implementation of the Code shall extend to any other good tax practices that stem from the recommendations of the Code in effect at any time, even if not expressly set forth in this Policy.

The Group is also committed to compliance with the OECD Guidelines for Multinational Enterprises in the area of taxation.

e. Cooperate with the competent tax authorities in the detection of and search for solutions for fraudulent tax practices of which the Company is aware that may be used in the markets in which the Group has a presence.

f. Provide significant tax-related information and documents that may be requested by the competent tax authorities as soon as practicable and with the required scope.

g. Notify the appropriate body of the competent tax authority and sufficiently discuss therewith all significant issues of fact of which it has notice, in order to commence the appropriate investigative proceedings, if any, and to promote agreements and consents during the course of inspection proceedings, to the extent reasonably possible and without impairing good corporate management.

h. Make available to anyone who so desires the reporting channels required for them to report conduct that may involve the commission of an improper act or an act in violation of legal provisions or of the rules of conduct established in the Code of Ethics, therefore including conduct in the tax area.

4. Application of the Policy within the Framework of the Corporate and Governance Structure of the Group

The application of this Policy shall be governed by the following principles in accordance with the provisions of the Group’s corporate and governance structure:
a. With respect to the Company

The Board of Directors of the Company is responsible for the coordination, within legal limits, of the overall management strategies and guidelines of the Group, acting in furtherance of the interests of each and every one of the companies forming part thereof, while the chairman of the Board of Directors & chief executive officer and the senior officers of the Company are responsible for the organisation and coordination of the Group, by means of the dissemination and implementation of and compliance with the general strategies and policies established by the Board of Directors.

In accordance with the foregoing, the Board of Directors of the Company, through its chairman & chief executive officer and its management team, shall promote due observance of the principles and good tax practices set forth in this Policy by the companies forming part of the Group with significant activities in the tax area.

The foregoing shall in any event be deemed to be without prejudice to the special framework of strengthened autonomy applicable to the listed country subholding companies.

b. With respect to the country subholding companies

As regards the principles and good tax practices set out in this Policy, the country subholding companies shall assume the responsibilities of determining, coordinating and supervising compliance, in the respective countries in which they operate, with the standards that must be followed in the application of those taxes that, due to the nature thereof, affect more than one company of the Group.

Specifically, the boards of directors of the country subholding companies shall ensure compliance with this Policy at the country level, specifying its content based on the laws applicable in each jurisdiction.

c. With respect to the head of business companies

The head of business companies shall be responsible for complying with their tax obligations, in all events respecting the principles and good tax practices set out in this Policy and the standards established by the country subholding companies.

In particular, the boards of directors of the head of business companies shall be responsible for ensuring compliance with this Policy by the entities of the Group through which they carry out their respective businesses.

Without prejudice to the provisions of law and the preceding paragraphs, the management body of each company of the Group shall be responsible for ensuring that the information such company provides to complies with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and rules set forth in this Policy. Said information shall in all cases be prepared in accordance with the standards set by each country subholding company pursuant to the provisions established by the tax divisions of each country.

5. Monitoring and Control

The companies of the Group shall adopt the control mechanisms necessary to ensure compliance with the tax laws and regulations, principles and good practices set forth in this Policy, as part of proper business management. They shall also use proper and sufficiently qualified human and material resources for such purposes.

The Global Tax Division shall approve and periodically review guidelines for the evaluation and management of tax risk applicable to all companies of the Group, which shall include objective standards to classify transactions based on the tax risk thereof, as well as different procedures for the approval thereof, and shall act as the body responsible for tax compliance within the Company, in coordination with the Compliance Unit, proactively and independently endeavouring to ensure compliance with tax provisions as well as with the principles and good practices contained in this Policy.

The head of business companies shall report to the country subholding companies on an annual basis regarding the level of compliance with this Policy. In turn, the audit and compliance committees of the country subholding companies shall report to the Company’s Audit and Risk Supervision Committee on the level of compliance with this Policy.

The Audit and Risk Supervision Committee shall, in accordance with the provisions of its Regulations, provide to the Board of Directors information on the tax policies and standards applied by the Company during the financial year and, in particular, on the degree of compliance with the Policy.

In addition, in the case of transactions or matters that must be submitted to the Board of Directors for approval, it shall report on the tax consequences thereof when they constitute a significant factor.
6. Information to the Market

The Company’s *Annual Corporate Governance Report* shall set forth the degree of effective compliance with the Code by the Company, as well as with other similar codes or recommendations of other jurisdictions to which the companies of the Group have adhered, and shall report on the operation of the systems for controlling tax risks.

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This *Policy* was initially approved by the Board of Directors on 14 December 2010 and was last amended on 21 July 2020.
28 April 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, as well as to organise the internal control systems. In exercising these powers, and in order to lay down the general principles that are to govern the processing of personal data at all of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), the Board of Directors approves this Personal Data Protection Policy (the “Policy”).

1. Purpose

This Policy establishes the common principles and guidelines for conduct that are to govern the Group as regards personal data protection, ensuring compliance with applicable law under all circumstances.

In particular, this Policy is intended to guarantee the right to protection of personal data for all natural persons who establish relations with the companies belonging to the Group, ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data from different sources and for various purposes based on their business activities, all in compliance with the Company’s Policy on Respect for Human Rights.

2. Scope

The Policy shall apply to the Company, to the other companies within the Group, to the directors, officers and professionals thereof, and to all persons who establish relations with entities belonging to the Group.

By way of exception to the foregoing, listed country subholding companies that have their own personal data protection policy, as well as the respective subsidiaries thereof, shall not be covered by this Policy. Without prejudice to the foregoing, in both cases, the policies of these companies shall provide the mechanisms required to ensure proper coordination with the rest of the Group in the area of personal data protection.

At those companies or entities in which the Company has a direct or indirect interest but that do not form part of the Group, the representatives thereof shall procure compliance with the provisions of this Policy and, to the extent possible, shall promote the application of the principles thereof.

3. Principles for the Processing of Personal Data

The principles governing this Policy are the following:

a. General principles:

Group companies shall thoroughly comply with personal data protection law in their jurisdiction, the laws that apply based on the processing of personal data that they carry out and the laws determined by binding rules or resolutions adopted within the Group.

Group companies shall strive to ensure that the principles set forth in this Policy are taken into account (i) in the design and implementation of all procedures involving the processing of personal data, (ii) in the products and services offered thereby, (iii) in all contracts and obligations that they formalize with natural persons, and (iv) in the implementation of any systems and platforms that allow access by Group professionals or third parties to personal data and the collection or processing of such data.
b. Principles relating to the processing of personal data.

i. Principle of legitimate, lawful and fair processing of personal data.

The processing of personal data shall be legitimate, lawful and fair, in accordance with applicable law. In this sense, personal data must be collected for one or more specific and legitimate purposes in accordance with applicable law.

When so required by law, the consent of the data subjects must be obtained before their data are collected.

Also when so required by law, the purposes for processing the personal data shall be explicit and specific at the time of collection thereof.

In particular, Group companies shall not collect or process personal data relating to ethnic or racial origin, political ideology, beliefs, religious or philosophical convictions, sexual orientation or practices, trade union membership, data concerning health, or genetic or biometric data for the purpose of uniquely identifying a person, unless the collection of said data is necessary, legitimate and required or permitted by applicable law, in which case they shall be collected and processed in accordance with the provisions thereof.

ii. Principle of minimisation.

Only personal data that are strictly necessary for the purposes for which it is collected or processed and adequate for such purposes shall be processed.

iii. Principle of accuracy.

Personal data must be accurate and up-to-date. They must otherwise be erased or rectified.

iv. Principle of storage duration limitation.

Personal data shall not be stored for longer than is necessary for the purposes for which they are processed, except in the circumstances established by law.

v. Principles of integrity and confidentiality.

Personal data must be processed in a manner that uses technical or organisational measures to ensure appropriate security that protects the data against unauthorised or unlawful processing and against accidental loss, destruction or damage.

The personal data collected and processed by Group companies must be stored with the utmost confidentiality and secrecy, may not be used for purposes other than those that justified and permitted the collection thereof, and may not be disclosed or transferred to third parties other than in the cases permitted by applicable law.

vi. Principle of proactive responsibility (accountability).

Group companies shall be responsible for complying with the principles set forth in this Policy and those required by applicable law and must be able to demonstrate compliance when so required by applicable law.

Group companies must perform a risk assessment of the processing that they carry out in order to identify the measures to apply to ensure that personal data are processed in accordance with legal requirements. When so required by law, they shall perform a prior assessment of the risks that new products, services or IT systems may imply for personal data protection and shall adopt the necessary measures to eliminate or mitigate them.

Group companies must maintain a record of activities in which they describe the personal data processing that they carry out in the course of their activities.

In the event of an incident causing the accidental or unlawful destruction, loss or alteration of personal data, or the disclosure of or unauthorised access to such data, the internal protocols established for such purpose by the Corporate Security Division and those that are established by applicable law must be followed. Such incidents must be documented and measures shall be adopted to resolve and mitigate potential adverse effects for data subjects.

In the cases provided for by law, data protection officers shall be designated in order to ensure that Group companies comply with the legal provisions on data protection.
vii. **Principles of transparency and information.**

Personal data shall be processed in a transparent manner with relation to data subjects, with the provision to data subjects of intelligible and accessible information regarding the processing of their data when so required by applicable law.

For purposes of ensuring fair and transparent processing, the Group company that is responsible for the processing must inform data subjects whose data is to be collected of the circumstances relating to the processing in accordance with applicable law.

viii. **Acquisition or procurement of personal data.**

It is forbidden to purchase or obtain personal data from unlawful sources, from sources that do not sufficiently ensure the lawful origin of such data or from sources whose data have been collected or transferred in violation of the law.

ix. **Engagement of data processors.**

Prior to engaging any service provider that may have access to personal data for which Group companies are responsible, as well as during the effective term of the contractual relationship, such Group companies must adopt the necessary measures to ensure and, when legally required, demonstrate, that the data processing by service provider is performed in accordance with applicable law.

x. **International transfers of data.**

Any processing of personal data that is subject to European Union regulations and entails a transfer of data outside the European Economic Area must be carried out strictly in compliance with the requirements established by applicable law in the jurisdiction of origin. In addition, Group companies located outside the European Union must comply with any requirements for international transfers of personal data that are applicable in their respective jurisdictions.

xi. **Rights of data subjects.**

Group companies must allow data subjects to exercise the rights of access, rectification, erasure, restriction of processing, portability and objection that are applicable in each jurisdiction, establishing for such purpose such internal procedures as may be necessary to at least satisfy the legal requirements applicable in each case.

### 4. Implementation

Pursuant to the provisions of this *Policy*, the Corporate Security Division, together with the Legal Services of the Company, shall develop and keep updated internal rules for global data protection management at the Group level, which shall be implemented by the Corporate Security Division and which shall be mandatory for all officers and professionals of the Company.

Likewise, the Corporate Security Division and the Legal Services Division of each country, or such divisions as may assume the duties thereof, shall establish local internal procedures designed to implement the principles laid down in this *Policy* and to adapt the content thereof in accordance with applicable law in their respective jurisdictions.

The Legal Services Division of each country shall be responsible for informing the Corporate Security Division of regulatory developments and news that occur in the area of personal data protection.

The Systems Division, or such division as may assume the duties thereof, shall be responsible for implementing the information technology systems of the companies of the Group, the information technology controls and developments that are appropriate to ensure compliance with the internal rules for global data protection management, and shall ensure that said developments are updated at all times.

In addition, the businesses and corporate divisions must (i) subject to the provisions of applicable law in each case, appoint the persons responsible for the data, who shall act on a coordinated basis and under the supervision of the Corporate Security Division; and (ii) coordinate with the Corporate Security Division any activity that involves or entails the management of personal data, in all cases adhering to the special framework of strengthened autonomy of the listed country subholding companies.

Finally, the Cybersecurity Committee, created pursuant to the provisions of the *Cybersecurity Risk Policy*, shall monitor the general status of personal data protection at companies of the Group and shall endeavour to ensure proper Group-level coordination of risk practices and management in the area of personal data protection, assisting the Corporate Security Division in the approval of rules in the area of cybersecurity and data protection.
5. Control and Evaluation

a. Control

The Corporate Security Division, or the division assuming the duties thereof, shall supervise compliance with the provisions of this Policy by the Company and the other companies of the Group. The foregoing shall in any event be without prejudice to the responsibilities vested in other bodies and divisions of the Company and, if applicable, in the management decision-making bodies of the other companies within the Group.

Regular audits shall be performed with internal or external auditors in order to verify compliance with this Policy.

a. Evaluation

The Corporate Security Division, or any division assuming the duties thereof, shall evaluate compliance with and the effectiveness of this Policy at least once per year and shall report to the Finance and Resources Division, or to the division assuming such duties at any particular time, on the results of such evaluation.

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This Policy was initially approved by the Board of Directors on 15 December 2015 and was last amended on 28 April 2020.
Part II. Risk Policies

1. General Risk Control and Management Policy

2. Corporate Risk Policies
   - Corporate Credit Risk Policy
   - Corporate Market Risk Policy
   - Operational Risk in Market Transactions Policy
   - Insurance Policy
   - Investment Policy
   - Financing and Financial Risk Policy
   - Treasury Share Policy
   - Risk Policy for Equity Interests in Listed Companies
   - Purchasing Policy
   - Information Technology Policy
   - Cybersecurity Risk Policy
   - Reputational Risk Framework Policy
   - Occupational Safety and Health Risk Policy

3. Specific Risk Policies for the Various Group Businesses
   - Risk Policy for the Networks Businesses of the Iberdrola Group
   - Risk Policy for the Renewable Energy Businesses of the Iberdrola Group
   - Risk Policy for the Liberalised Businesses of the Iberdrola Group
   - Risk Policy for the Real Estate Business
1. General Risk Control and Management Policy

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) has the responsibility to approve and update the corporate policies, which include those relating to corporate governance and regulatory compliance, risks and sustainable development.

Among the risk policies, the General Risk Control and Management Policy (the “Policy”) identifies the principal risks facing the Company and the other companies included within the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), and organises appropriate internal control and information systems, as well as the regular monitoring of such systems.

1. Object

The object of the Policy is to establish the basic principles and general framework for the control and management of all kinds of risks facing the Company and the Group, and which must be applied in accordance with the provisions of the Purpose and Values of the Iberdrola group.

The Policy is further developed and supplemented by the specific risk policies that may be established for certain risks, corporate functions or businesses of the Group.

The country subholding companies adopt the risk policies of the Group and define the application thereof, approving guidelines on specific risk limits based on the nature and particularities of the businesses in each country.

The management decision-making bodies of the head of business companies of each country must approve the specific risk limits applicable to each of them and implement the control systems necessary to ensure compliance therewith.

2. Scope

The Policy applies to all companies that make up the Group, including the companies that are not part of the Group in which the Company has an interest and over which it has effective control, within the limits established by the laws applicable to the regulated activities carried out by the Group in the various countries in which it operates.

Excluded from the scope of this policy are listed country subholding companies and the subsidiaries thereof which, pursuant to their own special framework of strengthened autonomy, have their own risk policies approved by their competent bodies. In any event, said risk policies must be in accord with the principles set forth in this Policy and in the other risk policies of the Company.

At those companies in which the Company has an interest but which do not form part of the Group, the Company shall promote principles, guidelines and risk limits established in this Policy and in the supplementary risk policies and shall maintain appropriate channels of information to ensure a due understanding of the risks.

3. Risk Factors - Definitions

From a general viewpoint, a risk is considered to be any threat that an event, action or omission may prevent the Group from reaching its objectives and successfully carrying out its strategies.

The risk factors to which the Group is subject generally are listed below:
a. **Corporate Governance Risks:** the Company accepts the need to achieve the fulfillment of the corporate interest and the sustained maximisation of the economic value of the Company and its long-term success, in accordance with the Group’s corporate interest, culture and corporate vision, taking into account the legitimate public and private interests that converge in the conduct of all business activities, particularly those of the various stakeholders and communities and regions in which the Company and its employees act.

b. **Market Risks:** understood as the exposure of the Group’s results and net worth to changes in prices and other market variables, such as exchange rates, interest rates, electricity prices, commodity prices (gas and other fuels), CO₂ emission rights, other renewable support mechanisms, as well as financial assets.

c. **Credit Risks:** defined as the possibility that a counterparty fails to perform its contractual obligations, thus causing an economic or financial loss to the Group, including the risks of payment and costs of replacement. Counterparties can be end customers, counterparties in financial or energy markets, partners, suppliers or contractors.

d. **Business Risks:** defined as the uncertainty regarding the performance of key variables inherent in the various activities of the Group through its businesses, such as the characteristics of demand, weather conditions and the strategies of different players.

e. **Regulatory and Political Risks:** are those arising from regulatory changes made by the various regulators, such as changes in compensation of regulated activities or in the required conditions of supply, or in environmental or tax regulations, including risks relating to political changes that might affect legal security and the legal framework applicable to the businesses of the Group in each jurisdiction, nationalisation or expropriation of assets, the cancellation of operating licenses and the termination of government contracts.

f. **Operational, Technological, Environmental and Social Risks:** are those related to direct or indirect economic losses resulting from external events, inadequate internal procedures, technical failures, human error and/or fraud, including those associated with climate change, information technologies, cybersecurity and the risk of technological obsolescence.

g. **Reputational Risks:** potential negative impact on the value of the Company resulting from conduct on the part of the Company that is below the expectations created among various stakeholders, as defined in the *Stakeholder Relations Policy*, including behaviour or conduct relating to corruption.

### 4. Basic Principles

The Group is subject to various risks inherent in the different countries, industries and markets in which it does business and in the activities it carries out, which may prevent it from achieving its objectives and successfully implementing its strategies.

Aware of the significance of this issue, the Board of Directors of the Company undertakes to develop all of its capabilities in order for the significant risks to all the activities and businesses of the Group to be adequately identified, measured, managed and controlled, and to establish through the *Policy* the mechanisms and basic principles for appropriate management of the risk/opportunity ratio, at a risk level that makes it possible to:

a. attain the strategic objectives formulated by the Group with controlled volatility;

b. provide the maximum level of assurance to the shareholders;

c. defend the interests of customers, shareholders, other groups interested in the progress of the Company, and society in general;

d. contribute to meeting the Sustainable Development Goals (SDGs) approved by the United Nations, with a special focus on goals seven and thirteen;

e. protect the results and reputation of the Group; and

f. ensure corporate stability and financial strength in a sustained fashion over time.

In the implementation of the aforementioned commitment through the basic principles, the Board of Directors and its Executive Committee have the cooperation of the Audit and Risk Supervision Committee, which, as a consultative body, monitors and reports upon the appropriateness of the system for assessment, control and management of significant risks, acting in coordination with the audit and compliance committees existing at other country subholding companies of the Group.
All actions aimed at controlling and mitigating risks shall conform to the following basic principles:

a. **Integrate** the risk/opportunity vision into the Company's management, through a definition of the strategy and the risk appetite and the incorporation of this variable into strategic and operating decisions.

b. **Segregate** functions, at the operating level, between risk-taking areas and areas responsible for the analysis, control and monitoring of such risks, ensuring an appropriate level of independence.

c. **Guarantee** the proper use of risk-hedging instruments and the maintenance of records thereof as required by applicable law.

d. **Inform** regulatory agencies and the principal external players, in a transparent fashion, regarding the risks facing the Group and the operation of the systems developed to monitor such risks, maintaining suitable channels that favour communication.

e. **Ensure** appropriate compliance with the corporate governance rules established by the Company through its Corporate Governance System and the update and continuous improvement of such system within the framework of the best international practices as to transparency and good governance, and implement the monitoring and measurement thereof.

f. **Act** at all times in compliance with the values and standards of conduct reflected in the *Code of Ethics*, under the principle of “zero tolerance” for the commission of unlawful acts and situations of fraud set forth in the *Crime Prevention Policy* and in the *Anti-Corruption and Anti-Fraud Policy* and the good practices principles reflected in the *Corporate Tax Policy*.

### 5. Comprehensive Risk Control and Management System

The Policy and the basic principles underpinning it are implemented by means of a *comprehensive risk control and management system*, supported by a Risk Committee of the Group and based upon a proper definition and allocation of duties and responsibilities at different levels (operational and control) and upon supporting procedures, methodologies and tools, suitable for the various stages and activities within the system, including:

a. The establishment of a structure of risk policies, guidelines, limits and indicators, as well as of the corresponding mechanisms for the approval and implementation thereof.

b. The ongoing identification of significant risks and threats, taking into account their possible impact on key management objectives and the accounts (including contingent liabilities and other off-balance sheet risks).

c. The analysis of such risks, both at each corporate business or function and taking into account their combined effect on the Group as a whole.

d. The measurement and control of risks following homogeneous procedures and standards common to the entire Group.

e. The analysis of risks associated with new investments, as an essential element in risk/return-based decision-making, including physical and transition risks related to climate change.

f. The maintenance of a system for monitoring and control of compliance with policies, guidelines and limits, by means of appropriate procedures and systems, including the contingency plans needed to mitigate the impact of the materialisation of risks.

g. The periodic monitoring and control of profit and loss account risks that might have a significant impact in order to control the volatility of the annual income of the Group.

h. The ongoing evaluation of the suitability and efficiency of applying the system and the best practices and recommendations in the area of risks for eventual inclusion thereof in the model.

i. The audit of the *comprehensive risk control and management system* by the Internal Audit Division.
6. Risk Policies and Limits

The Policy is further developed and supplemented by the following policies, which are also subject to approval by the Company’s Board of Directors:

Corporate Risk Policies:

- Corporate Credit Risk Policy.
- Corporate Market Risk Policy.
- Operational Risk in Market Transactions Policy
- Insurance Policy.
- Investment Policy.
- Financing and Financial Risk Policy.
- Financing and Financial Risk Policy.
- Treasury Share Policy.
- Risk Policy for Equity Interests in Listed Companies.
- Procurement Policy.
- Information Technologies Policy.
- Cybersecurity Risk Policy.
- Reputational Risk Framework Policy.
- Occupational Safety and Health Risk Policy.

Specific Risk Policies for the Various Group Businesses:

- Risk Policy for the Networks Businesses of the Iberdrola Group.
- Risk Policy for the Liberalised Businesses of the Iberdrola Group.
- Risk Policy for the Real Estate Business.

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This Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 21 July 2020.
2. Corporate Risk Policies

28 April 2020

Corporate Credit Risk Policy

The Corporate Credit Risk Policy provides the framework for the monitoring and the management of credit risk from a global viewpoint covering the entire Group, credit risk being understood as all counterparty risks that, in the event of insolvency of such counterparty, might cause the Group to sustain an economic or financial loss.

The scope of the policy covers all activities that give rise to significant credit exposure within all of the financial relationships of the Group.

Exposure to credit risk occurs in various ways, depending on the type of relationship with the counterparty, which takes form in the costs of settlement, replacement or repayments. In particular, the Corporate Credit Risk Policy establishes the identification and segmentation into homogeneous groups of the principal types of relations that give rise to credit exposure within the Group, the implementation of mechanisms to identify common counterparties, the application of corporate guidelines for acceptance of counterparties, as well as the allocation of risk limits in the aggregate and by counterparty, in accordance with credit quality standards.

Additionally, the risk policies for each business establish specific credit risk limits and guidelines in line with the characteristics of the different types of businesses.

Corporate Market Risk Policy

The Corporate Market Risk Policy provides a common framework for the monitoring and management of market risk in the entire Group, market risk being understood as any potential loss of margin and/or value due to adverse changes in price-determining factors.

In particular, the Corporate Market Risk Policy sets out differentiated guidelines for the management of the market risk associated with the various activities connected to the energy value chain:

a. Activities associated with the core business for sale in the liberalised market (electricity production at the Company’s own plants, including fuel supply and emission allowances, purchase of electricity and gas, forward, wholesale or retail sale of electricity and gas through the Company’s own supply company, dedicated generation or cogeneration plants with or without a power purchase agreement (PPA), hedging transactions, etc.).

b. Regulated energy management and/or sale activities.

c. Other activities involving the “discretionary trading” of electricity, gas, emission allowances and other fuel and associated products, with respect to which a global “stop-loss” limit is established at the Group level.

Additionally, the risk policies for each business establish specific market risk limits and guidelines in line with the characteristics of the different types of businesses and the countries in which the Group has a presence.

Operational Risk in Market Transactions Policy

The Operational Risk in Market Transactions Policy covers the operational, regulatory and reputational risks deriving from all activities in the markets by the various energy and cash management trading desks of the Group as a result of potential improper procedures, technological errors, human failure, fraud and any other internal or external event.

It rests upon the following basic principles:

a. Strong risk culture.

b. Proper segregation of duties.

c. Formalisation of clear policies and procedures.
d. Secure and flexible information technology systems.

And establishes a number of specific guidelines, grouped into categories, which shall apply based on a principle of proportionality to the number and complexity of all transactions carried out by each of the affected trading desks.

Insurance Policy

The Insurance Policy provides the framework for the monitoring and management, through insurance, of the Company’s global exposure to the impact of the operational risks associated with all the activities and businesses of the Group. It includes the limits for the main insurance programmes, including:

a. Damage to conventional assets.
b. Damage to renewables.
c. Civil liability.
d. Environmental risks.
e. Nuclear risk.
f. Cyber risks.

Investment Policy

The Investment Policy provides the framework for the analysis, monitoring and control of new investment or divestment projects of all businesses within the Group and of the risks associated therewith, including those arising from climate change.

In particular, the Investment Policy sets general limits in terms of profitability and risk for each project, as well as the manner in which it fits into the Group’s strategy.

Additionally, the risk policies for each business establish specific limits and guidelines in line with the characteristics of the different types of investments.

Financing and Financial Risk Policy

The Financing and Financial Risk Policy establishes the framework for the monitoring and management of financial risks by the Finance and Treasury Division:

a. Ensuring liquidity.
b. Setting the appropriate levels of risk to be assumed in order to optimise the cost/risk ratio within established limits.
c. Transferring the level of risk associated with financial variables that the Company does not wish to assume to external entities specialising in the management of such risks.
d. Maintaining solvency indicators that enable the Group to maintain its credit rating.
e. Complying with the requirements of local regulators and the tax provisions applicable in each country.

The Financing and Financial Risk Policy establishes the main principles of conduct applicable to all activities vis-à-vis financial risk and includes the risks that might affect the financing of the Group (including market, solvency, liquidity, credit, operational and reputational risk).

Additionally, the risk policies for each business provide for the obligation to transfer financial risks to the Finance and Treasury Division for the comprehensive management thereof.
Treasury Share Policy

The Treasury Share Policy provides that all transactions in own shares or in financial instruments and contracts of any kind with shares of the Company as the underlying asset, by the Company and/or by any of the companies of its Group, shall be conducted in compliance with applicable regulations and with the resolutions adopted in this regard at a General Shareholders’ Meeting, and that they shall always pursue lawful aims, such as:

a. Providing investors with sufficient liquidity and depth in the trading of the Company’s shares.

b. Stabilising the share price after a public offer for the sale or subscription of shares through the loan of own shares by the Company and the granting of an option to the underwriters to purchase or subscribe shares.

c. Implementing programmes for the purchase of treasury shares approved by the Board of Directors or by the shareholders at a General Shareholders’ Meeting and, in particular, making available to the Company the shares required to comply with the share delivery commitments previously assumed thereby under issuances of securities or corporate transactions, as well as compensation schemes or loyalty plans for shareholders (e.g., payment of dividends in kind), directors, officers or the other professionals of the group.

d. Honouring other previously-assumed lawful commitments.

e. Any other purpose allowed under applicable legal provisions.

Moreover, the Treasury Share Policy provides the framework for the monitoring and management of the market, credit and reputational risks associated with treasury share transactions, including the purchase and sale of shares of the Company and trading in derivatives on treasury shares and hedging derivatives, and sets limits, inter alia, on the total volume of the position and the market risk in terms of value at risk.

Risk Policy for Equity Interests in Listed Companies

The Risk Policy for Equity Interests in Listed Companies provides the framework for the monitoring and management of risks affecting the various holdings in listed companies in the form of shares and derivatives:

a. In companies within the scope of consolidation (subsidiaries and affiliated companies).

b. That are financial in nature (financial assets at fair value according to the profit and loss account and financial assets available for sale).

Purchasing Policy

The Purchasing Policy provides the overall framework for the control and management of the market, credit, business, regulatory, operational (including cybersecurity and criminal) and reputational risks deriving from the purchase of materials and equipment and from contracting for works and services across the entire Group, with special emphasis being laid on adherence to the ethical commitments of the Group and of its suppliers.

The Purchasing Policy rests upon the following basic principles:

• Promoting a strong risk culture and the development of a corporate culture based on ethics and honesty across the entire organisation, capable of supporting the professional and ethically responsible behaviour of the entire workforce, through strict application of the Code of Ethics.

• Establishing, in a coordinated fashion, the standards and controls associated with the activities of purchasing and contracting for equipment, materials, works and services for the benefit of the companies making up the Group, ensuring full adherence to the corporate organisation deriving from the Group’s governance model.

• Implementing the mechanisms required for purchasing decisions to in any event ensure the achievement of balance between technical competence, quality, price and supplier qualifications as a key condition for the contribution of value.
• Establishing supplier selection procedures that conform to standards of objectiveness, impartiality and equal opportunity, ensuring at all times the professionalism of its personnel as well as loyalty to the Group and its shareholders regardless of their own or third-party interests.

• Promoting strict compliance by suppliers with contractual terms and conditions and with applicable law, placing special attention on respect for the environment and on the principles contained in the Policy on Respect for Human Rights, favourably assessing compliance with the provisions in the area of reconciliation and gender equality in the Equal Opportunity and Reconciliation Policy and requiring acceptance of the principles set out in the Code of Ethics specifically applicable to the suppliers of the Group.

• Furthering a supplier relationship policy based on the principles of corporate ethics and transparency, striving for continuous improvement and mutual benefit and promoting innovation and development activities.

• Fostering the motivation and active participation of the workforce, the training required for the performance of their tasks, and the continuous education thereof.

• Promote sustained, inclusive and sustainable economic growth, productive employment and decent work for all professionals forming part of the Group’s value chain, in line with the provisions of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations.

The Purchasing Policy establishes guidelines and detailed limits regarding levels at which authority may be delegated and purchasing procedures within the Group in accordance with the aforementioned principles, as well as regarding the organisation principles that must be observed to ensure full adherence to the corporate organisation deriving from the Group’s Corporate Governance System.

Information Technology Policy

The Information Technology Policy establishes an overall framework for the governance and management of the processes and actions relating to information technology (IT) within the Group. It contemplates the management of risks associated with the use, ownership, operation, participation, influence and adoption of specific information technology, as well as the processes for the management and control thereof.

The Information Technology Policy also defines an integrated management framework that allows for a global technological focus and is intended to ensure the appropriate management of information technology and of the risks associated therewith, promoting the creation of value through an effective and innovative use of information technology and the satisfaction of internal and external users with the level of commitment and services provided, maintaining a balance between the generation of profits, the optimization of risk levels and an efficient use of resources, based on standards of proportionality.

The policy also contains the guidelines of an information technology governance and management model that is common throughout the Group, based on the creation of a Global IT Governance Committee, which will supervise compliance of information technology within the Group, including the significant aspects of the audits and evaluations of compliance therewith and related action plans. It also contemplates the possibility of each IT organisation having its own IT Management Committee or equivalent function.

Cybersecurity Risk Policy

The Cybersecurity Risk Policy establishes a global framework for the control and management of the cybersecurity risks applicable to all the companies of the Group. In particular, it refers to the risks arising from threats and vulnerabilities affecting the Group’s control, information technology and communications systems, as well as any other asset forming part of its cyber-infrastructure.

It also establishes the guidelines for a common cybersecurity management model for the entire Group, coordinated by a Cybersecurity Committee and based on the development of global rules and standards to be applied within all the businesses and corporate functions, thus encouraging a strong culture of cybersecurity.

The Cybersecurity Risk Policy is based upon the following basic principles:
• Raising awareness among Iberdrola’s entire workforce, suppliers and collaborators regarding cybersecurity risks and ensuring that they have the knowledge, skills, experience and technological abilities needed to support the Group’s cybersecurity goals.

• Ensuring that the Group’s information technology and communications systems have an appropriate level of cybersecurity and cyber-resilience and applying the most advanced standards to those that support the operation of critical cyber-infrastructure.

• Fostering the existence of appropriate cybersecurity and cyber-resilience mechanisms for the systems and operations managed by third parties that provide services to the Company.

• Strengthening capacities for prevention, detection, reaction, analysis, recovery, response, investigation and coordination against terrorist activities and criminality in cyberspace.

• Providing procedures and tools that permit rapid adaptation to changing conditions in the technological environment and to new threats.

• Collaborating with regulatory bodies in order to contribute to the improvement of cybersecurity in the international sphere.

• Promoting the principles established in the Policy.

• Protecting the information regarding the Group’s critical cyberinfrastructure and cybersecurity systems.

• Implementing cybersecurity measures based on efficiency standards.

• Acting in accordance with applicable law and the Code of Ethics.

The Cybersecurity Risk Policy sets out the Company’s commitment to clearly and transparently report on its risks and incidents in the area of cybersecurity, in accordance with the provisions of law. Non-public Cybersecurity risks and incidents directly or indirectly relating to the Company or any other company of the Group and that could have an appreciable effect on the price of Company’s shares or of any other security that the Compliance Unit defines as an affected security, might constitute inside information, as this term is defined in the Internal Regulations for Conduct in the Securities Markets, in which case the Company must report them to the market through the National Securities Market Commission upon the terms required by law.

Until said information is public, those persons who are aware of the existence of the risk or incident in question shall be deemed insiders, within the meaning of the provisions of the Internal Regulations for Conduct in the Securities Markets, may not engage in transactions regarding Affected Securities and will be subject to the duty of confidentiality, among other restrictions contemplated in the said regulations.

Reputational Risk Framework Policy

The object of the Reputational Risk Framework Policy is to establish a benchmark framework for the monitoring and management of reputational risk to be implemented by all the Divisions of the Group on a coordinated basis with the Investor Relations and Communication Division.

The management of reputation seeks two complementary objectives, to bring out opportunities that trigger favourable behaviour towards the company, and to diminish reputational risk.

There is a direct relationship between this policy and the Stakeholder Engagement Policy, the purpose of which is to identify the Company’s Stakeholders, engage them and strengthen relations of trust with them, under the principles of transparency, active listening and equal treatment. The eight categories defined in said policy are workforce, shareholders and the financial community, regulatory entities, customers, suppliers, the media, society in general and the environment.

The Reputational Risk Framework Policy establishes various recommendations, including crisis management, and lists indicators for monitoring, like REPTRAK, as well as standards for measuring the reputation of the Company and its Group.
Occupational Safety and Health Risk Policy

Within the framework of the General Risk Control and Management Policy and the Human Resources Framework Policy, the Company’s Board of Directors (a body that is vested with the power to approve and update the corporate policies, including those relating to corporate governance and regulatory compliance, risks and sustainable development), in the interest thereof and that of the companies within the Group, aware of the fundamental importance of all aspects relating to the safety and health of the group’s professionals, and consistent with the values of the Company, approved an Occupational Safety and Health Risk Policy.

As to the purpose of this policy, the Company’s Board of Directors, recognising the importance of facing workplace safety and health risks, commits to taking the actions required to provide safe and healthy conditions for the prevention of work-related injuries and health impairments that are as suited to the purpose, size and context of each organisation and to the specific nature of the risks for the workforce of both the Company and the other companies within the Group, as well as in its spheres of influence, thereby contributing to the achievement of goals three and eight of the Sustainable Development Goals (SDGs) approved by the United Nations.

To achieve this goal, the Group accepts and promotes the following main principles that must inform all of its activities:

a. Quality, productivity and the profitability of its activities are as important as the health and safety of the people participating in the value chain. All of the foregoing are permanent and basic objectives of the Group.

b. The safety of such people must always prevail. The prevention of work-related injuries and health impairments relating can be achieved by allocating resources and training to this end.

c. The integration of occupational safety and health in all business processes is a basic principle of effectiveness and efficiency and of collective responsibility.

The purpose and basic principles of the Group regarding workplace safety and health translate into the following commitments assumed by senior management and promoted at all organisational levels:

a. Meeting or exceeding legal and other requirements in the area of occupational risk prevention.

b. The elimination of threats and reduction of risks to workplace safety and health.

c. The integration of workplace safety and health standards in all decisions, business processes and work methods, such that officers, managers, technicians and other professionals fully assume their responsibilities.

d. The continuous improvement of the workplace safety and health management systems.

e. The consultation and participation of all professionals in workplace safety and health.

The environmental commitments of the Group in the area of workplace safety and health are assumed and encouraged through the following instruments:

a. An organizational structure with clearly defined responsibilities, which is decentralised and based on the principle of subsidiarity.

b. The Occupational Safety and Health Risk Policy.

c. The development and implementation of a system of global workplace safety and health standards that determines minimum levels in this area and ensures the harmonisation of the standards applied at all companies of the Group.

d. The acquisition and maintenance of occupational safety and health certifications in line with the strictest international standards.

e. The efficient provision of appropriate technical, financial and human resources.

f. The periodic preparation of specific strategic plans that determine strategic priorities and key matters relating to prevention.

g. The establishment of specific, indicative, stimulating and verifiable objectives regarding workplace safety and health.

h. The exchange of best practices in the area of workplace safety and health among all of the organisations of the Group.

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i. Ongoing preparation, training and information for officers, intermediate managers and other professionals in order to promote safe behaviour and raise awareness of the impact of their work on the safety of persons, processes and facilities.

j. Effective coordination and collaboration with suppliers and providers in order for workplace safety and health to be present in all services and work performed at the facilities of the Group.

k. The establishment of close links of cooperation with the various competent government agencies in workplace safety and health matters in order to become a positive benchmark in the area in which the Group engages in its activities.

l. Participation in international initiatives, ratings and indices relating to workplace safety and health.

All of the foregoing such that the various levels of the organisation are aware of the importance of workplace safety and health in the planning and subsequent implementation of all the actions of the Company, and that the entire workforce contribute with their daily work to the achievement of the goals set in this field.
3. Specific Risk Policies for the Various Group Businesses

24 February 2020

Risk Policy for the Networks Businesses of the Iberdrola Group

The Risk Policy for the Networks Businesses of the Iberdrola Group provides the framework for the monitoring and management of risks associated with the regulated activities of each country in which the Group has a presence. The Risk Policy for the Networks Businesses of the Iberdrola Group applies to all regulated electricity and gas distribution and transmission/transport activities carried out by the Group in:

Spain

Regulated networks activities:
   a. Distribution of electricity, including the planning, development and operation and maintenance of networks.
   b. Billing and collection of usage charges for ATR customers and retailers.
   c. Reading of the meters of consumers connected to its networks.
   d. Cut-off and reconnection of customers on behalf of sales companies or on its own behalf for ATR customers.

United Kingdom

   a. Regulated activities of planning, development and operation and maintenance of electricity distribution networks.
   b. Regulated activities of planning, development and operation and maintenance of transmission networks.

United States of America

Regulated activities of:
   a. Electricity transmission and distribution.
   b. Gas distribution and storage.
   c. Retail sale of electricity and natural gas at regulated rates.

Brazil

Regulated activities of:
   a. Regulated distribution of electricity, including the planning, construction, operation and maintenance of networks.
   b. Supply of electricity for sale at regulated rates.
   c. Planning, construction, operation and maintenance of electricity transmission networks, including lines and substations.
Risk Policy for the Renewable Energy Businesses of the Iberdrola Group

The Risk Policy for the Renewables Businesses of the Iberdrola Group provides the framework for the monitoring and management of risks associated with the activities related to the production of renewable energy carried out by the Group in the various countries in which it operates:

Spain
Production of electricity from wind, solar and hydraulic sources.

United Kingdom
Production of electricity at onshore and offshore wind facilities.

United States
Production of electricity at wind and solar facilities.

Mexico
Production of electricity at wind and solar facilities.

Brazil
Production of electricity at wind and hydraulic facilities.

In particular, the Policy determines the need to monitor the business (resource) and regulatory risks, and establishes guidelines for covering the market risk associated with the sales price of electricity in the various countries in which the Group operates.

Management of the market risk of the Renewables Business in Spain, the United Kingdom, Brazil and Mexico will be transferred to the Liberalised Businesses of these countries to be integrated into a single risk position. There will thus be comprehensive monitoring of the associated market risks of the Renewables and Liberalised Business.

Risk Policy for the Liberalised Businesses of the Iberdrola Group

The Risk Policy for the Liberalised Businesses of the Iberdrola Group provides the framework for the monitoring and management of risks associated with the Group’s liberalised businesses in the various countries in which it operates:

Spain
a. Production of electricity from conventional thermal, nuclear and cogeneration facilities.
b. Wholesale purchase and sale of energy (electricity, gas and other fuel), including the power purchase agreement with Iberdrola Renovables España.
c. Retail sale of electricity, gas and energy services, including long-term sales of electricity through PPAs.
Part II. Risk Policies

d. Management of the integrated renewable and thermal energy position together with coverage for sales in the Iberian Electricity Market (Mercado Ibérico de Electricidad) (MIBEL).

e. Operational planning of electricity production, fuel supply and emission rights and the wholesale and retail sale of electricity and gas.

f. Investments in new conventional thermal generation and cogeneration plants, as well as investments to acquire customers or investments dedicated to supplying customers with electricity.

United Kingdom

a. Wholesale purchase and sale of energy (electricity, gas and other fuel), including the power purchase agreement with Scottish Power Renewables.

b. Retail sale of electricity, gas and energy services.

c. Investments to increase the portfolio of customers or strictly dedicated to the supply of electricity to customers.

Mexico


b. Production and sale of electricity and steam to private users and qualified customers.


d. Sale of power by Iberdrola Renovables Mexico under the service and power purchase agreements and signed clean energy certificates.

e. Strategic and operational planning of electricity production and fuel supply.

f. Investments in new combined cycle or cogeneration plants.

Brazil

a. Operation and production of electricity at the Termopernambuco plant.

b. Sale of electricity managing the portfolio of liberalised customers.

c. Management of the energy position of the renewable generators.

Other countries

Retail sale of electricity, gas and/or energy services in Portugal, Italy, France, Germany, Ireland and the United States.

Risk Policy for the Real Estate Business

The Risk Policy for the Real Estate Business establishes the framework for the monitoring and management of risks affecting the business carried out by Iberdrola Inmobiliaria, in order to mitigate and reduce the risks associated with the fulfilment of its objectives.

Particularly contemplated are the risks associated with activities of land management, real estate development and the lease of assets of Iberdrola Inmobiliaria in Spain and other countries.
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1. General Sustainable Development Policy

28 April 2020

The Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve and update the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, and which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the "Group").

Among the various corporate policies that have been approved, those of sustainable development are intended to ensure the alignment of all conduct of the Group with its purpose, i.e. to continue building together each day a healthier, more accessible energy model, based on electricity, as well as with the bylaw-mandated commitment of the Company to the social dividend and with the Sustainable Development Goals (SDGs) approved by the United Nations.

1. Purpose

This General Sustainable Development Policy (the "Policy") lays down the general principles and structures the foundations that must govern the sustainable development strategy of the Group to ensure that all its corporate activities and businesses are carried out while fostering the sustainable creation of value for society in general, shareholders and the people to which it supplies energy, equitably compensating all groups that contribute to the success of its business enterprise, promoting the values of sustainability, integration and dynamism, favouring the achievement of the SDGs and rejecting actions that contravene or hinder them.

The actual and effective implementation of this sustainable development strategy, along with the Corporate Governance System that supports it, is to form part of the virtual soul of the Group, one of the key elements that differentiates it from its competitors and which is a deciding factor for its establishment as the preferred company for its Stakeholders.

The general principles and foundations set forth in this Policy are further developed and specified in specific sustainable development policies that address certain needs and expectations of the main Stakeholders of Iberdrola.

2. Scope

This Policy applies at all companies of the Group, except at listed country subholding companies, which have equivalent policies, and companies dependent thereon. In any event, said policies must be in accord with the principles set forth in this Policy and in the other sustainable development policies.

At those companies in which the Group has an interest but that do not form a part thereof, the Company will promote, through its representatives on the boards of directors thereof, the alignment of their own policies with those of the Company, such that they adhere to principles and guidelines that are consistent with those established in this Policy and the other sustainable development policies.

3. Objectives of the Sustainable Development Strategy

Fulfilment of the corporate interest, as defined in the By-Laws, requires the implementation of a sustainable development strategy that favours the “sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality (...).”

For this purpose, it should be kept in mind that the By-Laws of the Company provide for the implementation of a
sustainable development strategy that causes all of its Stakeholders to participate in the social dividend generated by its activities, sharing the created value with them.

Pursuant to the bylaw-mandated rule imposed by Iberdrola’s shareholders, its Board of Directors has further developed this strategy, focused on the sustainable creation of value, providing a quality service through the use of environmentally-friendly energy sources, staying alert to the opportunities offered by the knowledge economy, and committed to the SDGs, especially in relation to goals seven and thirteen regarding the supply of accessible and clean energy and the fight against climate change, respectively.

For this purpose, the Group innovates, makes new investments and promotes more efficient, sustainable and clean technologies, fosters the growth and develops the talent and the technical and human capacities of its professionals, works for the safety of people and the supply of energy, and labours to build a successful business enterprise together with all of the participants in its value chain, sharing the achievements with its Stakeholders.

In particular, the sustainable development strategy endeavours to ensure the achievement of the following objectives, based on the principles set out in the SDGs:

a. Promote compliance with Iberdrola’s purpose, i.e., to continue building together each day a healthier, more accessible energy model, based on electricity, and to promote the three corporate values of the Group, i.e., sustainable energy, integrating force and driving force.

b. Cause all Stakeholders to participate in the success of Iberdrola’s business enterprise through the social dividend generated by the Group.

c. Favour the achievement of the strategic goals of the Group in order to offer a safe, reliable and high-quality supply of energy that is respectful of the environment.

d. Improve the competitiveness of the Group through the assumption of management practices based on innovation, equal opportunities, productivity, profitability, efficiency and sustainability.

e. Responsibly manage the risks and opportunities deriving from changes in the surroundings, and maximise the positive impacts of its activities in the various territories in which the Group operates and minimise the negative impacts, to the extent possible, avoiding short-term approaches or those that do not sufficiently take into account the interests of all Stakeholders.

f. Encourage a culture of ethical behaviour that increases business transparency in order to generate credibility and trust within the Stakeholders, which includes society in general.

g. Promote relationships based on trust with all of its Stakeholders, providing a balanced and inclusive response to all of them, particularly emphasising the involvement of local communities to glean their viewpoints and expectations regarding significant potential issues, and thus be able to take them into consideration.

h. Contribute to the recognition of the Group and the improvement of its reputation.

4. Social Dividend

Iberdrola is an international energy leader that produces and supplies energy to more than 100 million people in the countries in which it is present.

Iberdrola contributes, with the social dividend generated through its activities, with its tax contribution, and through the development of its corporate object in accordance with the principles set forth in its sustainable development policies: to the stimulation of society in general, both from an economic viewpoint as well as from the perspective of business ethics, to the promotion of equality and justice, to the encouragement of innovation, to respect for the environment and the fight against climate change, to the generation of high-quality employment, and to other measures of well-being.

The contribution to Stakeholders with its social dividend is one of the basic premises for the success of Iberdrola’s business enterprise and is based on the SDGs, the principles of which it accepts and supports. This strategy seeks to put the Group at the forefront of best practices in this area and position Iberdrola as one of the best companies for the world.

Consistent with its global leadership in renewable energy, with its commitment to the promotion of energy efficiency and to universal access to energy services, and pursuant to the provisions of its Policy against Climate Change, the Group significantly contributes to compliance with goals seven and thirteen, regarding the supply of affordable and clean energy and the fight against climate change, respectively.

Leadership in the fight against climate change and the development of clean energy that contributes to the decar-
bonisation of the economy are the two main foundations of the Group’s strategy, as well as being the goals to which the Group most significantly contributes.

Furthermore, with its business activities, and particularly with the manner in which they are carried out, the Group contributes to achieving goal eight, which promotes sustainable and inclusive economic development, productive employment and decent work, and nine, regarding industry, innovation and infrastructure.

However, the Group’s commitment to the SDGs goes further, as in its day-to-day activities Iberdrola takes into consideration all of the goals as guidance in its decision-making processes, the principles of which inform its conduct and its daily tasks, rejecting conduct that contravene or hinder them.

The Company thus works to measure the social dividend generated by the Group through its business activities, which is the principle source for the creation of value for Stakeholders, prioritising cleaner and safer energy and promoting measures to protect vulnerable groups, with specific social partnerships, sponsorships and activities, either directly or in collaboration with foundations linked to the Group, and generally with a global institutional strategy committed to business ethics and the SDGs, open to its Stakeholders, favouring their engagement as well as the design and regular execution of plans for raising awareness regarding various issues that promote sustainable development.

Along these lines, measurement of the social dividend encompasses the principal direct, indirect and induced impacts, both present and future, generated by the Group’s activities, consistent with Iberdrola’s commitment to the long-term sustainable creation of value for its shareholders.

Due to the diversity of sustainable development goals and commitments, the Group uses a broad set of indicators that allows for an evaluation of the contribution from various perspectives. Even though the indicators do not capture all of the impacts generated, the results obtained constitute an efficient assessment tool to verify the achievement of the bylaw-mandated commitment to the social dividend. This assessment is taken into consideration by the Board of Directors when defining the Group’s strategy, and is shared transparently with all Stakeholders through the public dissemination of its non-financial information and the social dividend that is generated. In this regard, the statement of non-financial information prepared by the Board of Directors and approved by the shareholders at the General Shareholders’ Meeting presents the Company’s performance in the social, environmental and sustainability areas and the social dividend generated and shared with its Stakeholders.

5. Implementation and Coordination of the Group’s Sustainable Development Strategy

The implementation, monitoring and supervision of the Group’s sustainable development strategy is the responsibility of the various companies of the Group in accordance with the corporate and governance structure of the Group defined in the Corporate Governance System and particularly in the Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation, and is put into practice respecting the principles of subsidiarity and decentralised management through the various committees that assume duties in the area of sustainable development and reputation. Specifically:

a. The Company’s Corporate Sustainable Development and Reputation Committee, which has the duties of defining the basic corporate lines of evolution of practices focused on the sustainable growth of the social dividend and improvement of the Group’s reputation, approving and monitoring the plans for development in both areas, being aware of the most significant advances, and cooperating in the preparation of the public information disclosed by the Company with respect to these areas.

b. The Sustainable Development and Reputation Committees created within each of the country subholding companies in order to: promote compliance with the policies and guidelines approved in the various countries in which the Group operates, coordinate the corporate strategy among the various businesses carried out in each country, and report to the Company’s Corporate Sustainable Development and Reputation Committee on the results achieved.

6. Main Principles of Conduct

In order to meet the goals set out in the area of sustainable development, the Company adopts the following main principles of conduct:
a. Comply with applicable law in the countries and territories in which the Group does business and assume ethical leadership in the business communities in which it is present, with the supplementary and voluntary adoption of international commitments, rules and guidelines in those countries in which the legal framework is inadequate or insufficient, basing its relations with the competent public authorities in each jurisdiction on fidelity, reliability, professionalism, collaboration, reciprocity and good faith.

b. Support the principles of the SDGs, specifically those relating to universal access to energy and the fight against climate change, the commitments of the Paris Agreement, the Guiding Principles on Business and Human Rights and other international instruments, especially in the areas of good labour practices, protection of the environment and the fight against corruption.

c. Align its conduct with the principles contained in the Purpose and Values of the Iberdrola group and follow the guidelines contained in the other rules of the Corporate Governance System, especially in the Code of Ethics, which governs the responsible conduct that the Group expects of its directors, professionals and suppliers.

d. Favour free market practices, rejecting any illegal or fraudulent practice, implementing effective mechanisms for prevention, surveillance and punishment of irregular acts.

In particular, a commitment is assumed to pursue and denounce any practice of corruption of which the Group becomes aware in any of the territories in which it operates.

e. Adopt cutting-edge corporate governance practices, in line with good governance recommendations generally accepted in international markets, based upon business transparency and mutual trust with the Stakeholders.

f. Encourage pathways of dialogue, thus facilitating the Group’s relationships with its workforce, shareholders and the financial community, employees, customers, suppliers and, in general, with its other Stakeholders in accordance with the Stakeholder Engagement Policy, in order to forge a sense of belonging to an excellent company, to harmonise business values and social expectations, and to adapt, to the extent possible, the policies and strategies of the Group to the interests, concerns and needs of such Stakeholders, using all communications within its reach such as direct contact, social networks, consultation procedures and the corporate website of the Company and of the various companies of the Group.

7. Main Principles of Conduct

Set forth below is a description of the main principles of conduct of the Group with respect to the various aspects of sustainable development and corporate social responsibility common to all Stakeholders. All of them represent the Group’s commitment to the social dividend that is generated by applying the principles to the conduct of its business activities.

7.1 Principles of Conduct with respect to the Sustainable Creation of Value

The sustainable creation of value is the fundamental principle that should govern the policies, strategy and operations of the Group, and entails the equitable compensation of all groups contributing to the success of the Group’s business enterprise and consideration of the social return on new investments, generating employment and wealth for society with a long-term vision that seeks a better future without compromising present results.

The fundamental principles are developed in the Sustainable Management Policy and can be synthesised as follows:

a. Promote universal access to energy supply, with models that are environmentally sustainable, economically feasible and socially inclusive in accordance with the provisions of the Innovation Policy, leading the fight against climate change and the development of clean energy that contributes to the decarbonisation of the economy.

b. Establish instruments to strengthen the competitiveness of the energy products supplied through efficiency in energy generation, transmission and distribution processes. The Company thus pays special attention to the excellent management of its processes and resources, using the instruments developed in the Quality Policy.

c. Implement measures tending to ensure the safe and reliable supply of energy products.
d. Advance the sustainable use of natural resources, promoting the minimisation of impacts caused by the Group’s activities, in line with the provisions of the Company’s environmental policies.

e. Strengthen the social dimension of the Group’s activities and contribute to sustainable development through awareness-raising among the citizenry on the efficient consumption of products and services, among other measures.

7.2 Principles of Conduct with respect to Transparency

Transparency is fundamental for generating confidence and credibility, both in the markets and in investors, as well as in the workforce and the rest of the Stakeholders. The Company undertakes to:

a. Disseminate relevant, truthful and reliable information regarding the Group’s performance and activities.

b. Encourage transparency, assuming a commitment to annually prepare and publish financial and non-financial information regarding its activities, following generally accepted methodologies and submitting the information to independent external verification with respect to the latter.

c. Facilitate complete and truthful information regarding the taxes that Group companies pay in the countries and territories in which they operate.

The Company shall publish the additional information required by applicable legal provisions in each country or voluntarily assumed by Iberdrola or any of the other companies of its Group, including the statement of non-financial information, which the Board of Directors formulates and submits for the approval of the shareholders at the General Shareholders’ Meeting and which reflects the Company’s social, environmental and sustainability performance and the social dividend generated and shared with its Stakeholders, as well as the following reports: the Integrated Report, the Annual Financial Report, the Annual Corporate Governance Report, the Annual Director Remuneration Report and Activities Report of the Board of Directors and of the Committees thereof.

7.3 Principles of Conduct with respect to the Development and Protection of Intellectual Capital

Intellectual capital constitutes the principal differentiating element of competitive companies. Therefore, the Company considers the development and protection thereof to be a fundamental aspect, which is further developed in the Knowledge Management Policy and the Corporate Security Policy, the main principles of conduct of which are:

a. Foster initiatives, procedures and tools that allow the Company to truly and effectively exploit the Group’s intellectual capital.

b. Develop specific defensive plans to protect critical infrastructure and to ensure the continuity of the essential services provided by the companies of the Group in accordance with the provisions of the Corporate Security Policy.

7.4 Principles of Conduct with respect to Innovation

The Company believes that innovation is the Group’s principal tool for ensuring sustainability, efficiency and competitiveness, and is a strategic variable that affects all of its businesses and all of its activities. The main principles of conduct in which the Group’s desire to lead innovation within the energy industry materialises are set forth below and further developed in the Innovation Policy:

a. Promote research, development and innovation (RD&I) activities, focusing on efficiency aimed at the ongoing optimisation of the Group’s business operations, management of facilities and equipment lifespans, reduction of operation and maintenance costs and decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers.

b. Create innovations fostering sustainable growth and the efficient management of resources and contributing to the social and economic development of the surroundings in which the Group does business.

c. Engage in projects in the area of universalisation of energy services based on models that are environmentally sustainable, economically feasible and socially inclusive.

d. Keep the Group at the forefront of new technologies and disruptive business models.
7.5 Principles of Conduct with respect to Responsible Tax Policy

The taxes that the Group pays in the countries and territories in which it does business are its main contribution to the funding of public purpose needs and, accordingly, one of its contributions to society.

Within the framework of the provisions of the Corporate Tax Policy, the Group assumes the following commitments:

a. Comply with applicable tax laws in the various countries and territories in which the Group operates.

b. Make decisions on tax matters based on a reasonable interpretation of applicable legal provisions and in close relationship to the activities of the Group.

c. Follow the recommendations of the good tax practices codes implemented in the countries in which the companies of the Group do business, taking into account the Group’s specific needs and circumstances.

d. Not create or acquire companies resident in tax havens or included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is forced to do so because it is an indirect acquisition in which the company that is resident in a tax haven is part of a group of companies that are being acquired.

e. Avoid the use of opaque or artificial structures unrelated to the Group’s business activities for the sole purpose of reducing its tax burden. In particular, not enter into transactions with related entities solely for the purpose of eroding the tax bases or to transfer the taxation of profits to low-tax territories.

f. Strengthen the relationship with tax authorities based on respect for the law, trust, good faith, professionalism, cooperation, loyalty and reciprocity, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation or application of legal provisions.

8. Principles of Conduct with respect to the Principal Stakeholders

8.1 Workforce

The Group considers its human resources to be a strategic asset, which it cares for and to which it offers a good working environment, encouraging their development, training and reconciliation measures, and favouring equality of opportunity.

Therefore, Group companies work to obtain, promote and retain talent as well as to encourage the personal and professional growth of all persons within its workforce, making them participants in its successful business enterprise and guaranteeing them a dignified and safe job.

The inter-relation of the various companies of the Group with their human resources follows the following principles:

a. Respect the human and labour rights recognised by domestic and international laws, oppose child labour and forced or compulsory labour, and respect the freedom of association and of collective bargaining, the right to free circulation within each country, and the rights of ethnic minorities in the countries where the Group does business, upon the terms set forth in the Policy on Respect for Human Rights.

b. Recruit, select and retain talent within a favourable employment relationships framework, based on equality of opportunity, non-discrimination and respect for diversity in all its variables, facilitating measures for the integration of disadvantaged groups and groups with various abilities, and for reconciliation of personal and working life.

c. Recognise and value family and personal connections among the professionals of the Group, a necessary consequence of its strong local roots within the communities in which it has historically done business, and establish measures ensuring that professionals with such connection are not favoured or discriminated against in hiring and promotion.

d. Establish a remuneration policy that favours the hiring of the best professionals and strengthening of the Group’s human capital.
e. Promote the training and qualification of the workforce, favouring professional promotion and adapting human resources to a diverse and multicultural work environment.

f. Ensure a safe and healthy working environment within the Group and in its spheres of influence. The measures that favour this objective are developed in the Occupational Safety and Health Risk Policy.

8.2 Shareholders and the Financial Community

The principles of conduct that govern the Company’s relationship with its shareholders and the financial community are:

a. The Company facilitates and promotes a responsible exercise of their rights and the performance of their duties by the shareholders and the holders of rights or interests in shares, subject to the principle of equal treatment.

b. The Company favours the informed participation of the shareholders at the General Shareholders’ Meeting and takes proper measures for it to serve the effective exercise of the duties held by the shareholders under the law and the Corporate Governance System.

The Board of Directors thus may make available to the shareholders on the occasion of each General Shareholders’ Meeting a guide in the medium it deems appropriate (such as through a virtual assistant) and certain rules of implementation that standardise, adapt, further develop and make more specific the provisions of the Company’s Corporate Governance System concerning the exercise of shareholders’ rights.

c. The Company encourages the engagement of the shareholders in corporate life, especially in the areas of corporate governance and social responsibility. For this purpose, the Board of Directors has adopted various initiatives like Shareholder Day, has created and developed various channels for communication and participation, and has approved the Shareholder Engagement Policy.

d. The Board of Directors of the Company has approved a Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors that develops the relations with financial analysts, institutional investors and proxy advisors, and recognises ongoing attention to the transparency of information disseminated by the Company and relations with shareholders, institutional investors and proxy advisors.

Such principles are based on the duty of the shareholders to exercise their rights vis-à-vis the Company and other shareholders and fulfil their duties acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Corporate Governance System of the Company.

8.3 Regulatory Entities

The companies of the Group attempt to maintain a constructive and continuous dialogue with regulatory entities based on the principles of lawfulness, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, seeking to mutually understand the interests and objectives of each party, and working together to seek solutions to issues affecting the Group and that are within the scope of the powers of such entities, thus contributing to the development of public policies that are useful for sustainable development.

8.4 Customers

The companies of the Group work to know the needs and expectations of their customers and thus offer them the best solutions, defending the proper operation of the market under free competition, continuously working to care for and increase their satisfaction, strengthening their connection to the Group and promoting responsible consumption, and therefore assume the following principles of conduct for such purposes:

a. Obey and comply with the rules governing communication and marketing activities and accept the voluntary codes that promote transparency and the truthfulness of such activities.

b. See to the protection of the health and safety of its customers in all of the life cycles of the products it sells, by complying with applicable law and providing training and information to consumers using various instruments: websites, information in invoices and the development of training and informational campaigns.
c. Provide information to its customers allowing for a more rational, efficient and safe use of electricity and gas in the countries in which the Group sells its products and services.

d. Pay attention to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to energy and gas supply according to the policies established by the competent government administrations in each case.

e. Facilitate effective access to information regarding the services provided by the Group that is needed by customers with idiomatic or sensory difficulties, by implementing the appropriate instruments for such purpose.

f. Adopt the instruments necessary to ensure the confidentiality of the data of its customers, in accordance with the provisions of the Code of Ethics and applicable law.

g. Pursue continuous improvement of the quality of supply in the various countries in which it operates.

h. Monitor the quality of the service provided to its customers, through surveys measuring their satisfaction, and through customer service.

8.5 Suppliers

The Group believes that it is essential to ensure that all participants in the value chain of the Group’s companies respond to and accommodate generally accepted ethical and social responsibility principles, in addition to applicable laws and the Corporate Governance System. Therefore, the principles of conduct are:

a. Adopt responsible practices in the management of the supply chain.

b. Cause all participants in the value chain to comply with the principles and values set forth in the Code of Ethics regarding business ethics and transparent management, good labour practices, the promotion of health and safety, respect for the environment, guaranteeing the quality and safety of the products and services sold and development of responsible practices in the supply chain, promoting joint management (shared responsibility) in strict respect for the human and labour rights recognised in domestic and international law.

8.6 The Media

Transparency is one of the hallmarks of Iberdrola’s identity and one of the fundamental goals of its communication strategy. The Group values and recognises the key role of media in achieving this goal. Therefore, relations with the media shall be governed by the principles of informational transparency and collaboration.

8.7 Society at Large

The Group is characterised by its international presence. In its operations, it assumes the following principles relating to the various territories and communities in which it operates:

a. Build strong bonds with the communities in which the Group does business through formal public consultations, thus generating confidence and forging a sense of belonging to an excellent company, of which they feel they are an integral part.

b. Harmonise the activities of the Group in the various countries in which it operates with the various social and cultural realities of each of them.

c. Strengthen relations of trust with the various communities with which it interacts, by supporting the various governments and leading social organisations, by promoting processes of consultation to understand expectations, favouring equal opportunity of the Stakeholders and paying attention to intercultural dialogue and consensus with indigenous populations (aligned with Convention 169 of the International Labour Organization).

d. Favour access to energy, both by groups with particular economic difficulties and by isolated communities.

e. Strengthen respect for the rights of ethnic minorities in all of the communities in which the Group is present.

f. Engage in corporate volunteering programmes and campaigns that promote the participation of the professionals of the Group in volunteer actions in order to promote improvement in people’s quality of life, looking after the
environment, sustainable development, universal access to energy and the eradication of hunger, including collection campaigns that seek to respond to social needs.

g. Support the promotion and conservation of cultural and artistic heritage of the territories and communities in which the Group does business.

h. Support initiatives that contribute to a more healthy, egalitarian and just society, such as supporting the empowerment of women, the promotion of reconciliation of personal and work life and equality in sport.

The Group also collaborates on specific projects in emerging and developing countries as well as in areas in a situation of humanitarian crisis, actively participating in the search for sustainable solutions for access to modern forms of energy.

8.8 The Environment

The Company aspires to be the preferred global energy company, among other reasons, because of its respect for the environment, as highlighted and developed in the following policies: the Environmental Policy, the Policy against Climate Change and the Biodiversity Policy.

The Group’s devotion to leadership in the fight against climate change and in the development of clean energy (which contributes to the decarbonisation of the economy) and respect for the environment are the pillars of its energy production model and the factor that distinguishes it in the energy industry as a world leader in this area. This takes form in the following basic principles of conduct:

a. Preserve and promote the biodiversity of the ecosystems, landscapes and species in the territories in which the Group carries out its activities, both in the construction stage and in the operation and during the dismantling of its infrastructure.

b. Promote decarbonisation of the economy and prevent pollution by gradually reducing the intensity of greenhouse gas emissions, continuing the development of electric energy from renewable sources, and progressively introducing more efficient technologies having a lower intensity of carbon dioxide emissions.

c. Integrate the climate change variable in internal decision-making processes as well as in the analysis and management of long-term risks for the Group.

d. Contribute to raising the awareness of society regarding the phenomenon of climate change and its consequences and solutions.

e. Optimise the management of hazardous and non-hazardous waste through systems that set objectives and goals on, among other aspects, waste reduction, the observance of best practices and the use of recycled materials.

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This Policy was initially approved by the Board of Directors on 18 December 2007 as the General Corporate Social Responsibility Policy and was last amended on 28 April 2020.
2. Stakeholder Engagement Policy

28 April 2020

The Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company") has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve and update the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, and which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the "Group").

The By-Laws, the Purpose and Values of the Iberdrola group and the various corporate policies (especially those of sustainable development) express the Company’s focus on the sustainable creation of value for the Stakeholders related to its business activity and its institutional reality, in accordance with the commitments made in the Code of Ethics.

The Company believes that it is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of its Stakeholders, which is defined as those groups and entities whose decisions and opinions have an influence on Iberdrola and who, at the same time, are affected by the Group’s activities.

The Company makes the commitment to involve all of its Stakeholders in the social dividend generated by its activities, which dividend is understood as the sustainable contribution of value, including the advancement of business communities which Iberdrola participates in and leads, both from the economic viewpoint and from the perspective of business ethics, the promotion of equality and justice, the encouragement of innovation and protection of the environment, as well as through the generation of quality employment and leadership in the fight against climate change.

This social dividend measures the direct, indirect and induced impacts of the Company’s activities included in the company object for all Stakeholders in the economic, social and environmental areas, and particularly its contribution to the achievement of the Sustainable Development Goals ("SDGs") approved by the United Nations.

The Stakeholders also have a leading role in corporate reputation, which is understood as the set of perceptions that the various Stakeholders have regarding the company. These perceptions are quite important, as they determine the decisions of the Stakeholders to invest, purchase or make recommendations, which directly affect the long-term sustainability of a company.

In line with the foregoing, one of the main principles of the Reputational Risk Framework Policy is to proactively manage the Stakeholders in order to include their expectations within the Group’s management and to mitigate the related risks, all through the Global Stakeholder Engagement Model of the Iberdrola Group (the "Model") described in point 5 of this Policy.

Furthermore, appropriate management of the Stakeholders decisively contributes to the achievement of the purpose of the Policy on Respect for Human Rights, which is to formalise the Group’s commitment to the human and labour rights recognised under domestic and international law and to define the general principles that the Group will apply for due diligence in the human rights area.

1. Purpose

This Stakeholder Engagement Policy (the "Policy") shall generally govern the Group’s relations with its Stakeholders in all of its activities and operations, in order to:

a. Continue encouraging the engagement of the Stakeholders in Iberdrola’s business enterprise through a strategy of strong involvement in the communities in which it operates and the sustainable creation of value for all of them.

b. Continue responding to the legitimate interests of the Stakeholders with which the Company interacts.
Part III. Sustainable Development Policies

| c. | Continue building trust among the Stakeholders in order to build long-lasting, stable and robust relationships. |
| d. | Contribute through all of the above to maintaining the corporate reputation in the various countries and businesses in which Iberdrola is active. |

Notwithstanding the foregoing, the Board of Directors may approve other corporate policies addressing specific Stakeholders.

2. Iberdrola’s Stakeholders

The value chain made up of the activities carried out by Iberdrola means that its Stakeholders are quite numerous. Therefore, for purposes of this Policy, the Stakeholders are grouped into the following categories:

a. Workforce.

b. Shareholders and the financial community.

c. Regulatory entities.

d. Customers.

e. Suppliers.

f. The media.

g. Society at large.

h. The environment.

These Stakeholders are in turn divided into other categories, the Sub-stakeholders, made up of various groups and entities, which allows the management of the relationships to be adjusted to specific and local realities, needs and expectations, in many cases relating to the Group’s facilities.

3. Responsibilities in Stakeholder Engagement

From the corporate governance standpoint, the Board of Directors is vested with the power to approve and apply this Policy and to design, approve and supervise the general strategy on stakeholder engagement, endeavouring to ensure the proper coordination thereof at the Group level.

To this end, the Corporate Social Responsibility and Reputation Division, through the Stakeholder Relations and Reputation Unit, galvanises and coordinates the actions required to comply with this Policy and with the Model, as well as to promote best practices in this area.

Pursuant to the Group’s organisational structure, inspired by the principle of subsidiarity, the country subholding companies and the head of business companies, within their purviews, are responsible for implementing the strategy regarding Stakeholder Engagement and the Model, as well as maintaining direct discussion and dialogue with their various Stakeholders, especially those who act within the environment of the facilities of the Group’s businesses. For all of the foregoing reasons, the country subholding companies and the head of business companies shall be endowed with the resources and structure necessary for them to carry out these activities.

4. Basic Principles

The Group accepts and promotes the following basic principles to engage and establish relations of trust with its Stakeholders:

a. Responsibility:

   Act responsibly and build relationships based on ethics, integrity, sustainable development, and respect for human rights and the communities affected by the various activities of the Group.

b. Transparency:
Ensure transparency in relationships, and in financial and non-financial communications, sharing truthful, relevant, complete, clear and useful information.

c. Active listening:
Practice active listening, encouraging bi-directional and effective communication, and direct, fluid, constructive, diverse, inclusive and intercultural dialogue.

d. Participation:
Encourage the participation of the Stakeholders in all of Iberdrola’s activities, promoting voluntary consultation processes or similar channels of interaction in application of the law of each country, and especially in the planning, construction, operation and decommissioning of the Group’s power projects.

e. Consensus:
Work towards consensus with the Stakeholders, especially with local communities and indigenous populations, taking their viewpoints and expectations into consideration.

f. Collaboration:
Promote collaboration with the Stakeholders, in order to contribute to compliance with the Purpose and Values of the Iberdrola group and the achievement of the SDGs.

g. Continuous improvement:
Seek continuous improvement, regularly reviewing Stakeholder engagement mechanisms to ensure that they respond in the most efficient way possible to the needs of each moment.

5. Global Stakeholder Engagement Model

In 2016, Iberdrola approved the Model based on the International AA1000 AccountAbility standard, among other things, to comply with this Policy.

The Model, which is implemented throughout the Group using a shared digital application, contains the principles and provides the guidelines that, on the one hand, ensure that Stakeholder engagement is homogeneous while respecting the particularities of each country and business, and on the other, establish the mechanisms required to ensure that the Stakeholders have sufficient capacity to engage with the Group.

The main characteristics of the Model are the following:

a. It is a guide to perform the segmentation of the Stakeholders, the identification of Sub-stakeholders and the prioritisation of the latter, based on the Group’s impact and ability to influence them, as well as their impact and ability to influence the Group.

b. It contains the guidelines to ensure that the Stakeholders have sufficient capacity to engage with Iberdrola, through regular evaluation of the available channels and the characteristics thereof (number, type and frequency of use) by the persons in charge of them. The channels are constantly evolving to adjust to the needs and realities of each moment and to maximise their effectiveness in establishing close, robust and long-lasting relationships.

c. It provides guidelines to identify and prioritise relevant issues (needs and expectations) for each Stakeholder, as well as to identify and manage the risks and opportunities related to these significant issues, all in relation to Iberdrola’s contribution to achieving the SDGs. In the case of risks, their management depends on their evaluation in terms of probability, impact and the existence of related reputational risks.

d. It contains the main guidelines to design and monitor action plans that respond to issues that are significant for the Stakeholders based on an assessment of the risks and opportunities thereof, while improving communication and relations therewith.

e. It allows for knowing the impacts of the actions in relation to the Stakeholders, maximising positive impacts and mitigating those that are negative.

f. It identifies future trends relating to the expectations of the Stakeholders, as well as good practices to be shared throughout the Group.
In order to implement the *Model*, there is a network of persons at each of the country subholding companies in charge of extending and properly applying it. Sustainable Development and Reputation Committees created within each of the country subholding companies will also report to the Company’s Corporate Sustainable Development and Reputation Committee on the results achieved.

A global working group called the “Iberdrola Stakeholders’ Hub” and the Company’s Corporate Sustainable Development and Reputation Committee evaluate the implementation of the *Model* and the results of the process.

The results of the Group’s Stakeholder engagement are mainly disclosed through the communication strategy, the corporate website and the presence of the Company and the country subholding companies on social media, as well as the various reporting elements, including the statement of non-financial information and the integrated report.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 28 April 2020.
3. Innovation Policy

17 December 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) believes that innovation is a strategic variable that affects all of the businesses and activities of the Company and of the companies within the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).

Therefore, it promotes the creation of an innovative ecosystem based on the attraction of outside talent and the exploration of new pathways for collaboration, in order to design new solutions that allow for the sustainable creation of value for the Company and its stakeholders. It also promotes internal talent, implementing a culture of innovation at all levels, that facilitates the successful handling of the challenge of incorporating new technologies.

1. Purpose

The wager on innovation is a priority for ensuring sustainability, efficiency and competitiveness and for keeping the Company at the forefront of developing the new products, services and business models that are transforming the industry.

Pursuant to the provisions of the Purpose and Values of the Iberdrola group, this Innovation Policy (the “Policy”) is intended to define and disseminate the strategy that allows the Company and its Group to continue to be leaders in innovation in the energy sector, leading the transition towards a healthier and more accessible electricity-based energy model.

Along these lines, the foundations of the Group’s innovation strategy are sustainable development, the promotion of renewable energy and the exploitation of the opportunities offered by digitisation and automation, as well as a wager on emerging technologies and driving the digital transformation of its businesses, thus contributing to the achievement of goals nine and eleven of the Sustainable Development Goals (SDGs) approved by the United Nations, while fully complying with applicable law, as well as other commitments to which the Group subscribes.

The Company sees innovation as an open and decentralised process. It is decentralised because it is carried out independently in each business unit, but consistently, thanks to the support and coordination provided by the Company’s Innovation, Sustainability and Quality Division, which reports to the Chairman’s Office. It is open because the Company considers itself to be a technology driver and, as such, its vocation is to involve all of its technology suppliers, including universities, technology centres and equipment manufacturers, in its innovation process.

2. Main Principles of Conduct

The Policy is based on the following principles of conduct:

a. Lead innovation in clean energies that contribute to decarbonisation of the economy and accelerate the transition towards a healthier and more accessible electricity-based energy model.

b. Promote research, development and innovation (RD&I) activities, focusing on efficiency aimed at the ongoing optimisation of the Group’s business operations, management of facilities and equipment lifespans, reduction of operation and maintenance costs and decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers.

c. Drive the digital transformation of the Group’s businesses in order to improve the operation and maintenance of its assets and to increase the availability of its generation plants.

d. Keep the Group at the forefront of new technologies and disruptive business models, by encouraging a “culture of innovation” that pervades the entire organisation and promotes motivating work environments that favour and reward the generation of ideas and innovative practices by professionals, accepting implicit risk and recognising creative contributions.

e. Encourage innovation in collaboration with start-ups, entrepreneurs and suppliers in order to develop new disruptive business models, favour the exchange of knowledge and have a knock-on effect among them.
f. Foster cooperation and alliances with the academic, intellectual and technology world, by means of links that make it possible to multiply the innovative capacity of the Group.

g. Create innovations fostering sustainable growth and the efficient management of resources and contributing to the social and economic development of the surroundings in which the Group does business.

h. Engage in projects in the area of universalisation of energy services based on models that are environmentally sustainable, economically feasible and socially inclusive.

i. Incorporate innovation into all training within the companies of the Group by means of courses and specific programmes to develop skills relating to creativity.

j. Implement an innovation management system that includes the establishment of annual targets and goals as part of an ongoing improvement procedure, managing the Company’s human and intellectual capital as an essential support for the entire creative and innovative process.

k. Promote a system of technological monitoring and prospecting to identify opportunities and challenges for the businesses of the Group and detect the need for innovation in processes or services to allow it to act in advance of technological changes and the new needs and risks of the market.

l. Circulate internally the knowledge gained, so that all professionals are familiar with the best practices applicable to their activity in the search for efficiency and effectiveness in the processes of the Group.

m. Protect the results of the innovation process, managing intellectual and industrial property suitably and ethically, which shall in every case entail respect for the intellectual and industrial property of third parties.

n. Support innovations that provide added value for users and boost the satisfaction of shareholders, customers, professionals and other stakeholders.

3. Innovation Strategy of the Listed Country Subholding Companies of the Group

The provisions of this Policy shall in any case be deemed to be without prejudice to the strengthened autonomy enjoyed by the listed country subholding companies of the Group to determine their own innovation strategy, which must be consistent with the policy established for the rest of the Group and with the provisions of this Policy.

This Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 17 December 2019.
4. Policy on Respect for Human Rights

28 April 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, and which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”), as well as that of its shareholders, directors, officers and other professionals.

The corporate policies include sustainable development policies that are intended to ensure the alignment of all conduct of the Group with its purpose, i.e. to continue building together each day a healthier, more accessible energy model, based on electricity. Respect for human rights is one of the main pillars on which the Group’s purpose rests and an aspect that is inextricably linked to the UN 2030 Agenda for Sustainable Development.

1. Purpose

The purpose of this Policy on Respect for Human Rights (the “Policy”) is to formalise the Group’s commitment to the human rights recognised in domestic and international legislation and to define the general and basic principles that the Group will apply for due diligence in the area of human rights pursuant to the Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the principles underpinning the United Nations Global Compact, Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the conventions of the International Labour Organization (including convention 169), the Sustainable Development Goals (SDGs) approved by the United Nations, the Company’s Code of Ethics, as well as such documents and texts as may replace or supplement those mentioned above.

2. Human Rights Regulatory Framework

This Policy has been prepared taking into account the most demanding international standards and with the advice of independent experts.

It forms part of the Group’s regulatory framework on respect for human rights, which also includes:

a. The sustainable development policies, which cater to certain needs and expectations of the main Stakeholders, and particularly cover various issues relating to human rights, like occupational health and safety, equal opportunity and reconciliation, environment, climate change and quality.

b. The Personal Data Protection Policy, which guarantees the right to protection of data for all natural persons who establish relations with the companies belonging to the Group, ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data.

c. The Purchasing Policy, which includes the Group’s perspective on shared responsibility with its suppliers as regards respect for human rights.

Apart from what is already established in these policies and in the Corporate Governance System, the Group also explicitly makes the following commitments:

a. To reject child labour and forced or compulsory labour.

b. To respect freedom of association and collective bargaining.

c. To respect the right to freedom of movement within each country.

d. To not discriminate by reason of race, gender, religion or nationality.
e. To respect the rights of ethnic minorities and of indigenous peoples in the places in which it carries out its activities, and to favour an open dialogue that includes different cultural frameworks.

f. To respect the right to the environment of all of the communities in which it operates, considering their expectations and needs.

g. To understand access to energy as a right related to other human rights, working with public institutions in the implementation of systems for the protection of vulnerable customers and on plans to extend service to communities that lack access to energy.

3. Main Principles of Conduct

In order to achieve the objectives and commitments set forth above, the Group adopts and promotes the following basic principles, which must inform its activities in all areas:

a. Identify potential impacts on human rights that the business operations and activities performed by the Group, either directly or through third parties, might cause.

b. Have a due diligence system that identifies situations and activities with a higher risk of violating human rights, in order to develop mechanisms for the prevention and mitigation of such risk and redress the impacts if they occur.

c. Evaluate the effectiveness of the due diligence system on a regular basis using monitoring indicators, with a special focus on those centres of activity in which there might be a higher risk of violating human rights. The evaluation will rely on the Group’s internal control systems.

d. Report the results the evaluation in its annual public information, available on the Company’s corporate website.

e. Advance a culture of respect for human rights and promote awareness-raising in this field among its professionals within all companies of the Group.

f. Have in place reporting and grievance mechanisms, equipped with adequate guarantees and settlement procedures, in order to respond to potential violations of human rights. These mechanisms must be sufficiently communicated both to the professionals of the Group and to persons and organisations outside of the Group. To this end, appropriate internal reporting procedures regarding the issues communicated shall be defined in order to allow for an evaluation of the due diligence systems and of the results obtained.

g. Adopt such measures as may be applicable in the event of detecting any violation of human rights at the facilities of the Group or of its suppliers, and report thereon to the competent government authorities in order for them to take any appropriate action if such violation may amount to an administrative or criminal offence.

4. Relationship with Stakeholders

As to the relationship of Stakeholders with human rights, the following must be taken into account:

a. Workforce: The professionals of the Group must show strict respect for the human rights recognised under domestic and international law in the conduct of their activities in all countries in which the Group operates, and shall particularly endeavour to ensure compliance with this Policy and with the Group’s regulatory framework for human rights. All professionals of the Group are expected to act as a first line of defence for human rights, reporting any potential impact thereon or any breach of the Group’s corporate policies.

b. Suppliers: The suppliers of the Group must also show strict respect for the human rights recognised under domestic and international law in the conduct of their activities. The Company believes that its suppliers are a key ally for compliance with this Policy, and thus assume a shared responsibility with the Group. In particular, suppliers and their professionals must (i) adopt such measures as may be needed to eliminate all forms or types of forced or compulsory labour; (ii) expressly reject the use of child labour in their organisation; (iii) respect their workers’ freedom of trade association and right to collective bargaining by their professionals, avoiding all discriminatory practices in connection with employment and labour; and (iv) set the salaries of their professionals in accordance with applicable law, respecting minimum salaries, overtime and social welfare benefits.
c. **Shareholders:** Investor partners with operational control of facilities in which the Group has an interest must commit themselves to respecting the human rights recognised under domestic and international law.

### 5. Implementation and Update

The Company may draw on specialised external advice in order to conform the Group’s operating procedures to the principles set forth in this *Policy* and to monitor the *Policy* and update the text hereof.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 28 April 2020.
5. Quality Policy

28 March 2019

The Board of Directors of IBERDROLA, S.A. ("Iberdrola" or the "Company"), a leader in the energy sector, believes that outstanding management of all processes and resources of the companies belonging to the group of companies of which Iberdrola is the controlling entity, within the meaning established by law (the "Group"), is an indispensable tool in the creation of value for all of its stakeholders and for compliance with the provisions of the Purpose and Values of the Iberdrola group.

From this perspective, the Board of Directors conceives of quality as one of the basic principles making up the third of the corporate values of the Group, driving force, which reflects its commitment to innovation and seeks to make into reality small and large changes that make life easier for people through efficiency, self-discipline and the constant search for ongoing improvement, which encompasses a commitment to other values like simplicity, agility and foresight.

1. Purpose

The Group’s model of value creation is based on three strategic pillars: profitable growth, operational excellence and optimisation of capital, with the people to whom the Group supplies energy, i.e. with its customers, as the central element of all of its activities.

Combining this model with digitisation and innovation, the Group contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

Specifically, this Quality Policy seeks to contribute to the Groups’ sustainable growth model within the context of the culture of excellence and quality management procedures, thus contributing to goals seven, nine and twelve of the Sustainable Development Goals (SDGs).

In this regard, pursuant to the provisions of the General Sustainable Development Policy, the purpose of this policy is to develop the instruments of the Group to strengthen the competitiveness of the energy products supplied through efficiency in energy generation, transmission and distribution processes, paying special attention to excellent management of processes and resources.

The Company supports and coordinates compliance with this Quality Policy by all the companies of the Group through the Innovation, Sustainability and Quality Division, which is subordinate to the Chairman’s Office.

2. Main Principles of Conduct

To achieve these goals, the Group accepts and promotes the following main principles that inform all of its quality activities:

a. Improvement in the satisfaction of the customer, both internal and external, which is a central element of the Group’s activities and of the design and configuration of its products and services, such that they meet or exceed the expectations thereof.

b. The drive towards operational excellence, strengthening a culture of continuous improvement and excellence in management in order to increase competitiveness and the creation of value for shareholders, the Group’s professionals and other stakeholders.

c. Advancement of quality management systems, giving priority in the implementation thereof to contributing value to the various organisations of the Group. The transformation of the energy model towards greater electrification and the impact of digitisation and the new business models on the activities of the Group make it necessary to continuously evaluate the tools supporting the processes, including quality management systems, in order to achieve operational excellence.

d. A focus on other stakeholders of the Group, working to identify and satisfy or even exceed their expectations.

e. The commitment of all of the Group’s professionals by means of teamwork, an appropriate flow of information, internal communication, training, equality of opportunity and recognition of achievements.
3. Iberdrola’s Quality Model

Iberdrola’s quality model forms an integral part of the Group’s Business Model, established through a global quality management system that coordinates and supervises the quality management systems of the various corporate areas and businesses of the Group to take advantage of the synergies deriving from belonging thereto and driving compliance with the main principles of conduct referred to above.

As part of such model, in order to properly supervise compliance with the provisions of this Quality Policy, the Group has quality guidelines approved by Iberdrola’s Innovation, Sustainability and Quality Division, which defines the strategic global quality lines, consistently with the basic principles set out above and with the commitment to ongoing improvement, and which are communicated to the companies of the Group, which further develop and specify them in quality goals and challenges among their various organisational levels, respecting their corporate and governance structure.

Furthermore, to ensure homogeneous quality practices and levels within the Group, Iberdrola’s Innovation, Sustainability and Quality Division has also approved a manual and certain general quality procedures, as well as a global scoresheet that regularly monitors the goals and action plans of the various corporate areas and businesses.

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This Quality Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 28 March 2019.
6. Corporate Security Policy

28 April 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, as well as to organise the internal control systems. In exercising these powers, and in order to lay down the general principles that are to govern all aspects of the corporate security activities of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), the Board of Directors hereby approves this Corporate Security Policy (the “Policy”).

1. Purpose

This Policy establishes the main principles of conduct that are to govern the Group to ensure the effective protection of people, of hardware and software assets and of information, as well as of the privacy of the data processed, ensuring a reasonable level of security, resilience and compliance.

This Policy also confirms the firm commitment of the Company to excellence in the security of people and of the critical assets and infrastructure of the Group and of information, at all times ensuring that security activities fully comply with law and scrupulously comply with the provisions of the Company’s Policy on Respect for Human Rights.

2. Main Principles of Conduct

To achieve this commitment, the Group accepts and promotes the following main principles that must inform all of its corporate security activities:

a. Design a preventive security strategy, with a comprehensive overview, the objective of which is to minimise hardware and software security risks, including those resulting from an act of terrorism, and allocate the resources required for the implementation thereof.

b. Develop specific defensive plans to protect critical infrastructure and to ensure the continuity of the essential services provided by the companies of the Group.

c. Guarantee the protection of the professionals of the companies of the Group, both in their workplace and in their professional travel.

d. Ensure sufficient protection of information, as well as the control and information technology and communication systems of the Group, pursuant to the provisions of the Cybersecurity Risk Policy.

e. Have procedures and tools that allow for actively fighting against fraud and against attacks on the brand and reputation of the Group and its professionals.

f. Guarantee the right to the protection of personal data for all natural persons who establish relations with the companies belonging to the Group, ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data, in accordance with the provisions of the Personal Data Protection Policy.

g. Implement security measures based on efficiency standards and that contribute to the normal course of the Group’s business activities.

h. Avoid the use of force in the exercise of security, using it solely and exclusively when strictly necessary and always in accordance with law and in a manner proportional to the threat faced, to protect life.

i. Promote a culture of security within the Group by means of communication and training activities in this area.
j. Ensure the proper qualification of all security personnel, both internal and external, establishing rigorous training programmes and defining hiring requirements and standards that take this principle into account. In particular, train all security personnel in the area of human rights, or ensure that such personnel have received proper training in this area.

k. Inform hired security providers of these principles and regularly evaluate their compliance herewith.

l. Collaborate with public security authorities having responsibility for public security matters and not interfere in the performance of their legitimate duties.

m. Act at all times in compliance with applicable law and within the framework established by the *Code of Ethics* and the other rules of the Corporate Governance System.

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This *Policy* was initially approved by the Board of Directors on 23 September 2013 and was last amended on 28 April 2020.
7. Human Resources Framework Policy

28 April 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) considers its workforce to be a strategic asset. The professionals of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), are a key element to achieve the purpose and put into practice the corporate values set out in the Purpose and Values of the Iberdrola Group.

1. Purpose

The purpose of this Human Resources Framework Policy (the “Policy”) is to define, design and disseminate a human resources management model of the Group that will allow it to obtain, promote and retain talent and encourage the personal and professional growth of all people belonging to the Group’s workforce, making them participants in its successful business enterprise and guaranteeing them a dignified and safe job.

This policy, the text of which is consistent with the provisions of the Policy on Respect for Human Rights, and particularly with labour rights, is further developed through the following policies: the Recruitment and Selection Policy, the Knowledge Management Policy, the Equal Opportunity and Reconciliation Policy, the Occupational Safety and Health Risk Policy and the Senior Management Remuneration Policy.

In a world in which traditional production assets are ever more accessible, human capital fundamentally determines the difference between competitive companies and those that are not, and between those that sustainably create value and those that gradually lose their capacity to generate wealth.

The key principles for the conservation of human capital are considered to be the design and implementation of frameworks for the management of human resources and labour relations that allow all professionals to share in the Group’s success and promote the economic and social development thereof, thereby contributing to compliance with goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations, and further the objectives of competitiveness and business efficiency.

This Policy establishes the guidelines that govern labour relations at the different companies of the Group and serve as a benchmark to define the objectives of the Company and the Group in human resources management as regards: the selection of its professionals, the assurances and stability of quality employment, the creation of a stable relationship with professionals, and workplace safety and health, as well as the management and promotion of talent and training.

The management of human resources and labour relations must be informed by respect for the human and labour rights recognised by domestic and international law, diversity, equality of opportunity and non-discrimination, as well as by the alignment of the interests of professionals with the Group’s strategic objectives.

2. Main Principles of Conduct

In order to achieve the aforementioned objectives, the Group accepts and promotes the following principles that must inform the management of its human capital:

a. An appropriate framework of labour relations and of agreed mechanisms to bring the organisation into line with corporate and social requirements, promoting the objectives of competitiveness and business efficiency.

b. Design of a value offering that favours the selection, hiring, promotion and retention of talent, consisting of competitive remuneration and a working environment that promotes the professional growth of the Group’s workforce, based on equal opportunity, the commitment to the Purpose and Values of the Iberdrola Group and the business enterprise of the Group, and the reconciliation of personal and working life.

c. The development of consistent human resources processes that progress in the implementation of a talent
culture in all countries in which the Group does business, respecting local particularities and the special framework of strengthened autonomy of the listed country subholding companies.

d. The definition as a strategic objective of the conduct of labour relations based on equality of opportunity, particularly between genders, non-discrimination and the consideration of diversity in all variables thereof. Measures must also be promoted to facilitate the integration of disadvantaged groups and those with diverse abilities and to achieve a favourable environment that facilitates reconciliation of personal and working life, complying with the law applicable in each country and following best international practices.

e. The consolidation of stable and quality jobs.

f. A remuneration system that allows for the attraction and retention of the best professionals and the objectives of which are aligned with those of the Group.

g. Appreciation of the contribution of all professionals to the Group’s creation of value and to its growth.

h. Recognising and valuing family and personal connections among the professionals of the Group, a necessary consequence of the Group’s strong local roots within the communities in which it has historically done business, and establishing specific measures ensuring that professionals with such connection are not favoured or discriminated against in hiring and promotion processes, and that there is no violation of the principle of equal opportunity.

i. Guaranteeing that processes of selecting, hiring and promoting professionals of the companies of the Group endeavour to ensure that all of its professionals are persons who are respectable and competent, aligned with the provisions of the Purpose and Values of the Iberdrola group and with the principles contained in the Code of Ethics, assessing their history and rejecting those who lack the required competence due to the personal record thereof.

j. A working environment that is safe and healthy within the Group and in its spheres of influence.

3. Instruments

The Company and the Group have the following instruments to achieve these objectives:

a. Human resources policies: this Policy, the Recruitment and Selection Policy, the Knowledge Management Policy, the Equal Opportunity and Reconciliation Policy, the Occupational Safety and Health Risk Policy and the Senior Management Remuneration Policy.

b. The Company’s Human Resources Division, the main objective of which is to give consistency to the guidelines for the management and promotion of talent within the Group, bearing in mind the different social and labour circumstances of the territories in which it operates, and the human resources divisions at the various companies of which it is composed, which are responsible for implementing and monitoring human resources policies and strategies.

To meet this objective, the Company’s Human Resources Division may create specialised global committees in areas like the selection and hiring of professionals, training, remuneration systems and social-welfare benefits, which will act in coordination with any local committees that the human resources divisions of the country subholding companies decide to create.

c. Collective bargaining agreements or specific equivalent agreements to govern aspects relating to human resources management, as well as the established specific monitoring mechanisms.

d. Channels for dialogue and communication with the professionals of the Group: mixed subcommittees or committees with professionals, labour climate surveys, meetings with the chairman and senior management, specific meetings, the corporate website and the Group’s various intranets.

e. International mobility programmes aligned with the Group’s Business Model to favour the exchange of experiences and knowledge, professional development and the promotion of talent, and the firm establishment of a Group culture.

f. Training programmes that foster the development of intellectual capital and the promotion of professionals within the Group.

g. A specific programme for the training and monitoring of management personnel encouraging internal promotion and ensuring the orderly succession in senior management positions and other key positions within the Company and the Group.
h. Occupational risk prevention programmes and processes and a global workplace safety and health system based on defined standards applicable to all companies of the Group.

4. Main Principles of Conduct in connection with the Selection and Hiring of Professionals

As further developed in the Recruitment and Selection Policy and in the Equal Opportunity and Reconciliation Policy, the main principles of conduct in connection with selection and hiring are:

a. Develop a global master process for standardising recruitment and selection procedures within the Group.

b. Encourage the access of young people to their first job through scholarship programmes and other agreements.

c. Provide candidates with an attractive and comprehensive offer that favours the recruitment and hiring of the best professionals.

d. The Group’s offer must be based upon equal opportunity and be made up of competitive remuneration, a healthy work environment, the business enterprise, a balance between personal and working life, and reconciliation thereof.

e. Implement measures designed to promote respect for the rest periods of its professionals, and to avoid professional communications outside of working hours when possible.

f. Promote the hiring of its professionals using stable contracts.

h. Endeavour to ensure that selection and hiring processes are objective and impartial, avoiding the participation of the professionals with which they are connected in the process of selecting family members of Group professionals or persons with another similar personal connection.

i. Favour the hiring of professionals from excluded groups and of persons who are differently abled.

5. Main Principles of Conduct in connection with the Management and Promotion of Talent and Training

Talent management and promotion are key aspects to improve the Company’s position vis-à-vis its competitors, and their aim must be the definition of a framework to develop a global quality management system, affecting all professionals of the Group.

In the process of analysis and deliberation prior to the adoption of its resolutions, the Board of Directors generally gives special consideration to the impact that its decisions might have on the talent management and promotion strategy of the Group.

The Company also works continuously to configure a value offering addressed to its professionals that favours the selection, hiring, promotion and retention of talent.

One of the basic aspects of global talent management within the Group is the encouragement of training in accordance with the following main principles:

a. Establishment of a conceptual framework that includes all training actions designed to promote the qualification of the workforce, aligning it with a multicultural work environment, permeable to cultural changes, expanding the principles set out in the Purpose and Values of the Iberdrola group, creating value for the Group and promoting the sustainable development of the businesses of the Company.

b. Implementation of training programmes and plans that support advanced professional training for the performance of the job, adjustment of human resources to technological and organisational changes, adjustment of new professionals to the requirements of the Group and greater capacity for professional development.

c. Make training a key element of professional qualifications, and one that provides opportunities for promotion within the Group.
d. Ensure that training programmes include aspects relating to respect for human rights and foster a culture of ethical conduct.

e. Dissemination and sharing of the knowledge existing within the Group, ongoing learning and cultural exchange, so as to boost operational efficiency through the appropriate use of intellectual capital, in accordance with the provisions of the Knowledge Management Policy.

6. Evaluations of Performance and Development

Evaluations of the professionals and communication of the results thereof to those evaluated is an essential aspect of their professional training. The main principles of conduct are:


b. Communicate the results thereof to the employees evaluated so as to favour their professional development.

c. In the process of salary evaluation or review, avoid direct participation by professionals who are family members or who have a similar personal connection with the affected professionals.

7. Remuneration System

The Group considers it a priority for the remuneration system to favour the strengthening of its human capital, as the main factor differentiating it from its competitors. The principles of conduct informing the Group’s remuneration system are:

a. Favour the attraction, hiring and retention of the best professionals.

b. Maintain consistency between the Group’s strategic positioning and its development, its international and multicultural reality and its objective of excellence.

c. Recognise and reward the dedication, responsibility and performance of all its professionals.

d. Adjust to the various local circumstances in which the different companies of the Group operate.

e. Be at the forefront of the market, consistently with the position achieved by the Company and its Group.

8. Diversity, Equal Opportunity and Reconciliation

The Equal Opportunity and Reconciliation Policy develops the Group’s objectives and principles on the matter, which may be summarised in the following principles:

a. Respect diversity among its professionals, promoting non-discrimination on account of race, colour, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical or social condition.

b. Develop the principle of equal opportunity, observance of which is one of the basic pillars of professional development, and entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the workforce, keeping professionals with family or similar personal connections from holding posts directly reporting -either hierarchically or functionally- to the professionals with which they are connected.

c. Promote gender equality, especially as regards access to employment, professional training and promotion, and working conditions, as a manifestation of social and cultural reality.

d. Maintain commitments to external institutions, making an effort to honour the commitments assumed in order to obtain and maintain all certifications and awards granted in connection with reconciliation and equality.

e. Implement reconciliation measures that promote respect for the personal and family life of its professionals and facilitate the achievement of an optimal balance between the latter and their work responsibilities.
9. Global Workplace Health and Safety System

Recognising the importance of workplace safety and health risks, the Board of Directors commits to taking the actions required to provide safe and healthy conditions for the prevention of work-related injuries and health impairments that are as suited to the purpose, size and context of each organisation and to the specific nature of the risks for professionals within the Company and its Group, as well as in its spheres of influence, thereby contributing to the achievement of goals three and eight of the Sustainable Development Goals (SDGs) approved by the United Nations.

The Occupational Safety and Health Risk Policy approved by the Board of Directors is intended to establish a common framework for the control and monitoring of workplace safety and health risks within the general guidelines determined in the General Risk Control and Management Policy, and contains the main principles of conduct of the Group’s companies in this area.

The Group’s commitments in this area are advanced through a number of instruments, including the development and implementation of a system of global workplace safety and health standards that determine minimum levels and ensure the harmonisation of the standards applied at all of the companies.

All of the foregoing such that the various levels of the organisation are aware of the importance of workplace safety and health in the planning and subsequent implementation of all the actions of the Company, and that all professionals contribute with their daily work to the achievement of the goals set in this field.

10. Work Ethics

The Board of Directors has approved a Code of Ethics that sets forth the principles of conduct required of the various companies of the Group and of all their professionals and management personnel, regardless of their job category, their geographic or functional location, or the company of the Group at which they work, except in the case of professionals of listed country subholding companies that have approved their own Code of Ethics according to their internal rules, and the dependent companies thereof, to which this latter code shall apply.

The Compliance Unit is the body created by the Board of Directors to disseminate, interpret and inform the appropriate bodies of the degree of compliance with the Company’s Code of Ethics.

The compliance divisions of each country subholding or head of business company shall apply the Code of Ethics (or the specific code of their country subholding company) in their respective areas of conduct.

11. Corporate Volunteering

The companies of the Group shall develop corporate volunteering programmes and campaigns that promote the participation of the professionals of the Group in volunteer actions to put into practice the provisions of the Purpose and Values of the Iberdrola group as regards improving the quality of life of people, looking after the environment and sustainable development, as well as universal access to energy and the elimination of hunger, including collection campaigns that seek to respond to social needs.

These programmes and campaigns are intended to:

a. Contribute to social well-being and community service.

b. Strengthen a sense of belonging to the Group and improve the labour climate.

c. Contribute to the ethical training of professionals, channelling their spirit of community service to the benefit of the communities in which the Group is present.

d. Promote the values of participation, commitment, responsibility and teamwork.

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This Policy was initially approved by the Board of Directors on 17 February 2015 and was last amended on 28 April 2020.
8. Knowledge Management Policy

24 April 2019

The Board of Directors of IBERDROLA, S.A. (the "Company"), aware that intellectual capital is the basic foundation for the creation and protection of the Company’s value, has established as a strategic objective the need to implement an appropriate Knowledge Management Policy that fosters initiatives, procedures and tools that allow the Company to truly and effectively exploit such intellectual capital.

1. Purpose

In further developing the provisions of the Purpose and Values of the Iberdrola group, the goal of this Knowledge Management Policy is to establish guidelines for the dissemination and sharing of the Company’s existing knowledge and promote continuous learning and cultural exchange, so as to enhance operational efficiency through the proper use of intellectual capital, always furthering the interests of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the "Group"), without prejudice to specific policies that may be established at particular companies of the Group.

In a world in which traditional production assets are ever more accessible, intellectual capital is what marks the differences between companies that are competitive and those that are not, and between those that sustainably create value and those that gradually lose their capacity to generate wealth.

The intellectual capital of the Company depends to a large extent on all of its people, but also depends on its operational and organisational structures and on internal and external relations with all stakeholders. Organisational and personal training must therefore be permanent and ongoing, and must be in line with the strategy of the Group.

The markedly strategic nature of knowledge management requires constant work in order to improve initiatives and the application thereof at all of its business units.

2. Main Principles of Conduct

To achieve these goals, the Group accepts and promotes the following main principles that must inform all of its knowledge management activities:

a. Think of the Group as a system made up of connections among people and working groups as a key lever for talent development. The knowledge of each person or group must be identified and accessible to the whole, generating a multiplier effect, so as to produce knowledge-based operational leverage. For this reason, it is especially important to identify where critical knowledge resides within the organisation.

b. Recognise the value of the knowledge existing at the Group and strengthen its development as a key value-creation tool, promoting a business culture that encourages the dissemination of this knowledge.

c. Promote working methods and environments that favour the sharing of ideas and knowledge.

d. Structure an intelligent organisation, with a capacity for ongoing learning and innovation.

e. Align knowledge management with the skills and requirements set out in the Group’s strategy.

f. Define the required models of management, measurement, processes, systems and documentation by integrating the vision of the various business units in order to understand and develop mechanisms to ease the flow of knowledge within the existing organisational structure, within a secure environment. This allows for the sharing of experiences and ensures that constant attention is given to the operation of the organisation as a whole, thus contributing to meeting goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations.
g. Foster the sharing of the knowledge existing at the Group to the greatest extent possible, putting in place the necessary resources to enable the development and internal dissemination thereof through communication, awareness-raising and training, and the efficient use thereof. This shared intelligence is creative and innovative, and greater than the mere sum of the individual intellectual capabilities involved, multiplying internal talent. Emphasis will be placed on the creation and enhancement of organisational connections (networks), as well as on team cohesiveness, in line with the values of the Group.

h. Evaluate the intellectual capital existing at the Group in a consistent and sustained manner over time, in order to be able to assess the effectiveness of the initiatives implemented under this Knowledge Management Policy, correct defects and develop new activities.

i. Implement actions for improvement to bring the Group ever closer to excellence in knowledge management.

j. Respect the intellectual and industrial property rights of third parties in the knowledge management of the Group.


The provisions of this Knowledge Management Policy shall in any case be deemed to be without prejudice to the strengthened autonomy enjoyed by the listed country subholding companies of the Group to determine their own knowledge management strategy, which must be consistent with the principles set forth in this Knowledge Management Policy.

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This Knowledge Management Policy was initially approved by the Board of Directors on 16 December 2008 and was last amended on 24 April 2019.
9. Recruitment and Selection Policy

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) assumes that without the support of a skilled, diverse and motivated workforce, the Company will not be able to achieve its strategic aims or those of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).

1. Purpose

The success of the Group’s businesses is critically dependent upon attracting, selecting and retaining the best talent in order to engage professionals with the skills, knowledge, abilities and behaviour reflected in the Purpose and Values of the Iberdrola group, thus attending to the current and future needs of the companies within the Group, all in accordance with applicable law and the best professional practices.

With this Recruitment and Selection Policy, the Company contributes to the inclusive and sustainable growth sought by goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations, as well as to the achievement of goal number five with the promotion of gender equality in all of its recruitment and selection processes.

2. Main Principles of Conduct

To achieve these goals, the Group accepts and promotes the following basic principles that must inform all recruiting and hiring activities:

a. Develop a global master process for standardising recruitment and selection procedures within the Group, so that they:
   • Value internal talent.
   • Respect equal opportunities and promote non-discrimination by reason of race, colour, age, gender, marital status, ideology, political opinion, nationality, religion or any other personal, physical or social condition, particularly avoiding bias in the recruitment and selection process that prevent the hiring of women for management positions. This will guarantee the ability of the Company to recruit, motivate and retain the best talent and uphold the legal and ethical principles expected from a trusted employer, consistent and aligned with the Purpose and Values of the Iberdrola group and with the values of its stakeholders.
   • Ensure that selection is carried out exclusively on the basis of merit and capability, including all professionals meeting the knowledge, attitudes, abilities and skills profile required for the various positions and guaranteeing that all candidates are treated equally throughout the process.
   • Comply with applicable labour laws in each country regarding recruitment and selection.
   • Guarantee absolute confidentiality to all candidates, in accordance with personal data protection laws and regulations.

b. Encourage the access of young people to their first job through scholarship programmes and other agreements.

c. Present to the candidates an attractive and comprehensive value proposal based on equal opportunity and made up of competitive remuneration, broad training and professional development, a healthy work environment and measures facilitating a balance between personal and professional life, seeking for the experience of the candidates during the selection process and subsequent integration within the Group to be completely satisfactory.
d. The Group will promote the hiring of its professionals using stable contracts.

e. Endeavour to ensure that selection and hiring processes are objective and impartial and do not influence the hiring of family members of Group professionals or persons with a similar connection, avoiding the participation of the professionals with which they are connected in their selection process.

f. Favour the hiring of people from excluded groups and with diverse abilities.

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This Recruitment and Selection Policy was initially approved by the Board of Directors on 11 March 2008 and was last amended on 21 July 2020.
10. Equal Opportunity and Reconciliation Policy

21 July 2020

The Board of Directors of IBERDROLA, S.A. (the “Company”) has established the development of employment relationships based on equal opportunity, non-discrimination and respect for diversity as a strategic objective. In particular, it considers the achievement of gender equality to be one of the essential values of the organisation.

For these purposes, and in accordance with the provisions of the Human Resources Framework Policy, the Board of Directors has approved this Equal Opportunity and Reconciliation Policy (the “Policy”).

1. Purpose

This Policy seeks to create a favourable environment that facilitates the reconciliation of personal and working life of the professionals of the Company and of the other companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”) and, in particular, gender equality, all the foregoing in compliance with the applicable law in each country and following best international practices, including the provisions in this area of goal five of the Sustainable Development Goals (SDGs) approved by the United Nations.

2. Main Principles of Conduct

To achieve these goals, the Group adopts and promotes the following main principles of conduct that must govern its conduct in the area of labour relations:

a. Guarantee the quality of employment, fostering the maintenance of stable and high-quality jobs, with occupational contents that guarantee a continuous improvement in the abilities and skills of professionals.

b. Respect diversity, promoting non-discrimination on account of race, colour, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical or social condition of its professionals.

c. Develop the principle of equal opportunity. This principle, the observance of which is one of the basic pillars of professional development, and entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the Group’s workforce in the following fields:

1. Promotion, professional development and remuneration: value such knowledge and skills as are required to perform a job, through the evaluation of goals and performance.

2. Hiring: not establish any differences in salary based on personal, physical or social conditions such as gender, race, marital status or ideology, political opinions, nationality, religion or any other personal, physical or social status.

3. Recruitment and selection: recruit the best professionals by means of selection based on the merit and abilities of the candidates.

4. Training: ensure the education and training of all professionals in the knowledge and skills required for the proper performance of their work.

5. Support for professionals with different abilities, promoting their effective employment.

6. Promotion of transparent communications, encouraging innovation and providing professionals the independence they need in the performance of their duties.
d. Promote gender equality within the Group as regards access to employment, professional training and promotion, and working conditions, as a manifestation of social and cultural reality, and in particular, to:

1. Reinforce the commitment of the Group to gender equality both within the organisation and in society, and to raise awareness on this topic in both spheres.

2. Guarantee the principle of equal opportunity in the professional development of both genders within the Group, removing any obstacles that may hamper or limit a professional career by reason of gender.

3. Analyse affirmative action measures in order to correct inequalities that appear and to promote access by the less represented gender to positions of responsibility in areas in which they are underrepresented or not present.

4. Strengthen mechanisms and procedures for selection and professional development that facilitate the presence of the less represented gender with the required qualifications in all areas of the organisation in which they are underrepresented, particularly including the implementation of specific training and professional development monitoring programmes for women that promote the Group having a significant number of female senior officers.

5. Strive to achieve a balanced representation within the various decision-making bodies and levels, guaranteeing that both genders participate in all consultative and decision-making areas of the Group on the basis of equality of opportunity.

6. Promote the organisation of working conditions with a gender perspective, allowing for the reconciliation of the personal and working life of all professionals employed by the Group, ensuring the elimination of all gender-based discrimination.

e. Maintain commitments to external institutions, making an effort to honour the commitments assumed in order to obtain and maintain all certifications and awards given to the Group in connection with reconciliation and equality.

f. Implement reconciliation measures that promote respect for the personal and family life of its professionals and facilitate the achievement of an optimal balance between the latter and the work responsibilities of both genders, particularly emphasising those intended to foster respect for the rest periods of its professionals and to avoid professional communications outside of working hours, when possible.

g. Standardise working conditions and the benefits received by part-time and full-time professionals.

h. Favour the hiring of those suppliers with internal measures on reconciliation and gender equality for their personnel that comply with the provisions of this Policy.

i. Promote programmes of collaboration with educational institutions to encourage the presence of the less represented gender in careers and training programmes relating to the businesses of the Group in which the presence of one of the genders is substantially lower than that of the other.

j. Collaborate in the fight against gender violence through the establishment of specific programmes that include measures of protection, support and information, to accompany and protect the victims of gender violence.

k. Eradicate the use of discriminatory language in any kind of internal or external corporate communication.

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This Policy was initially approved by the Board of Directors on 16 December 2008 and was last amended on 21 July 2020.
11. Sustainable Management Policy

19 February 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) is vested with responsibility for formulating strategy and approving the corporate policies of the Company, and for organising the internal control systems. It approves this Sustainable Management Policy in the exercise of these responsibilities, aware that the sustainable creation of value is one of the pillars of the Purpose and Values of the Iberdrola Group.

1. Purpose

Fulfilment of the corporate interest, as defined in the By-Laws, requires the assumption of policies that favour the “sustainable exploitation of its corporate object”.

According to this mandate and to the provisions of the Purpose and Values of the Iberdrola Group, the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), which conduct their activities primarily in the energy industry, have changed their business model to make it more sustainable, achieving development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Group desires to continue leading this transformation, following a strategy that is fundamentally based on the fight against climate change and the development of clean energies that contribute to the decarbonisation of the economy, and for which purpose it must continue working in order to provide energy products that are increasingly competitive, cause the lowest possible environmental impact and are capable of assuring its customers of reliable supply.

This Sustainable Management Policy reflects the main principles of conduct regarding management that all companies of the Group must comply with and that are a framework of reference for achieving the Sustainable Development Goals (SDGs) approved by the United Nations, as well as certain commitments that affect specific areas of Group activity.

2. Main Principles of Conduct

Based on these considerations, the Group’s commitment to sustainable management rests upon the following main principles of conduct:

a. Competitiveness in the energy products supplied, through the achievement of efficiency in energy generation, transmission and distribution processes such that products can be offered at the best possible price, the use of technologies entailing low operation and maintenance costs, as well as a combination of diversified generation technologies that includes the most competitive energy sources based on weather and market conditions.

b. Safety in the supply of energy products, resorting whenever possible to locally-produced primary energy sources, using renewable energy resources, and ensuring the reliability and availability of generation, transmission and distribution facilities.

c. Reduction of the environmental impact of all activities carried out by the companies of the Group through lower-emission energy generation, the implementation of biodiversity programmes, operational efficiency - including a sustainable use of natural resources, the prevention of contamination and the appropriate management of waste generated by the activities carried out. In addition, the Group endeavours to make a rational and sustainable use of water and to manage the risks associated with the scarcity thereof.

d. Creation of value for shareholders, customers and suppliers, guarding corporate profits as one of the pillars of the future sustainability of the Company and the Group.

e. The impetus of the social dimension of the activities of the Group, beginning with service to the communities in which it does business, bringing energy to the largest number of people possible, promoting universal access to energy supply, paying special attention to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing on-going access to energy

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and gas supply according to the policies established by the competent government administrations in each case.
All of the foregoing is carried out with full respect for human rights in the regions in which the Group does business.

3. Sustainable Management

In further development of the principle regarding safety in the supply of energy products, the Group works to maintain high-quality service in order to ensure the availability of energy, as well as to have in place both a robust transmission and distribution network ready to withstand extraordinary events and the means required to restore service within the shortest possible period.

The Group also fosters a responsible use of energy by supporting energy saving and efficiency measures.

In further development of the principle regarding reduction of environmental impact, the Group particularly strives to make a rational and sustainable use of water and to manage the risks relating to the scarcity thereof.

In further development of the principle regarding the creation of value, the best good corporate governance practices available to it are in operation, including codes of conduct and compliance and risk management codes, designed to guarantee transparency in the provision of information and to preserve the creation of shareholder value.

Moreover, the Group works on achieving excellent management of its relations with customers, offering them energy products tailored to their needs and capturing the opportunities provided by the market.

Finally, the Group does business in close cooperation with the large value chain, responsibly performing its role as a powerful business driver within the energy industry.

In further development of the principle promoting the social dimension of its activities, the Group is engaged in responsible, excellent management of human resources and encourages the formation of teams with a sense of commitment through recognition of the work performed, training in line with the skills of its employees and the promotion of gender equality in all of its activities.

In addition, the Group contributes to sustainable development through public awareness campaigns for the efficient consumption of its products and services.

Furthermore, the Group assumes a commitment to leadership in the area of sustainable event management, encouraging the contribution of all participants in its value chain.

For this purpose, all activities, products and services relating to the events organised by the companies of the Group –including their entire management cycle– must be in accordance with the main principles of conduct set forth in the Purpose and Values of the Iberdrola group and in this Sustainable Management Policy. In particular, the events of the Group must scrupulously comply with all applicable requirements in each case (especially including laws on safety and health, noise, waste, privacy and personal data protection), promoting accessibility, inclusion and non-discrimination in the planning and execution thereof.

To ensure compliance with said goals, the Company has established an Iberdrola Group Events Manual providing the guidelines that must govern all events of the Group.

In addition, in order to achieve the coordinated and sustainable management thereof, each of the corporate and business divisions of the Group shall be responsible for planning the events to be carried out within their respective areas of activity and to report any corporate event to the Corporate Image and Events Division (or such division that hereafter assumes the duties thereof), which, if appropriate, may make specific recommendations relating to the organisation thereof in order to optimise their impact on stakeholders and to rationalise the use of the Group’s resources.

After the conclusion of the event, the responsible division must report to the Corporate Image and Events Division regarding the event in accordance with the parameters specified in the Iberdrola Group Events Manual, identifying and evaluating the significance of the economic, social and environmental impacts thereof.

In addition, Group companies shall establish sustainable management systems for events whose importance and complexity so require, in which they shall obtain the engagement of all interested parties and shall take into consideration their needs and expectations.

Finally, the companies of the Group, with the collaboration of their suppliers and the other participants in the value chain, shall obtain continuous improvement of the sustainable event management systems and the performance of each of the events organised, promoting their transparency through the establishment of procedures for communication with interested parties.

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This Sustainable Management Policy was initially approved by the Board of Directors on 17 December 2013 and was last amended on 19 February 2019.

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12. Environmental Policy

19 February 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) is vested with responsibility for formulating strategy and approving the corporate policies of the Company, and for organising the internal control systems. Pursuant to the Purpose and Values of the Iberdrola group, the Company’s leadership in the development of clean energy and respect for the environment are the pillars of its energy production model and the factor that distinguishes it in its industry as one of the leading companies worldwide. The Board of Directors approves this Environmental Policy in the exercise of these responsibilities and in order to further develop the Company’s corporate philosophy.

1. Purpose

The Environmental Policy is intended to extend to all stakeholders related to the Company and to the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), its devotion to leadership in the development of clean energy and respect for the environment.

In this regard, the Company’s Board of Directors believes the environment to be a central element of the concept of sustainability, and particularly one of the three pillars for reaching a sustainable energy model, together with competitiveness and the safety of supply.

The Company, aware of its potential to contribute to the preservation and protection of the environment, has voluntarily assumed the responsibility to lead the fight against climate change and to preserve biodiversity, in accordance with the provisions of the Policy against Climate Change and the Biodiversity Policy, respectively.

The Company also conceives of respect for the environment as one of the corporate values that determines its entire business strategy, as it is key to the configuration of a sustainable energy model, which in the environmental dimension translates into lower emissions and greater efficiency and the production and use of energy, as well as in complying with environmental laws and regulations and the best international practices in this area.

Given all of the above, through a policy of transparent information and a strategy of constant dialogue, the Group responds to the expectations of its stakeholders with respect to the preservation of the environment, ever more stringent regulatory requirements, and constant scrutiny of management by analysts, assessors and various agents of civil society, in line with Sustainable Development Goals (SDGs) six, seven, twelve, thirteen, fourteen, fifteen and sixteen approved by the United Nations.

2. Scope of Application

This Environmental Policy applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the lawfully established limits.

At those companies in which the Company has an interest and to which this policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This Environmental Policy shall also apply, to the extent relevant, to the contractors acting in the name of the Company, as well as to the joint ventures, temporary joint ventures (uniones temporales de empresas) and other equivalent associations, if the Company assumes the management thereof.

3. Decentralised Environmental Organisation

The management bodies of the various companies making up the Group are responsible for the determination and implementation of the Environmental Policy within the Iberdrola group, in accordance with the corporate and governance structures and the business model of the Group defined in the Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation.
The Company has for such purposes created an organisation that manages the environment in a decentralised manner. The Board of Directors and the management personnel of the Company are thus responsible for establishing and supervising the application, respectively, of environmental strategy and organisation at the Group level.

For its part, the Company’s Innovation, Sustainability and Quality Division, which reports to the Area of the Office of the Chairman, proposes the management models and systems, specifies the environmental guidelines and the goals associated therewith, coordinating all environmental action of the Group. Without prejudice to the foregoing, the Energy Policies and Climate Change Division, which also reports to the Area of the Office of the Chairman, proposes the guidelines relating to the Company’s Policy against Climate Change.

Finally, applying the principle of subsidiarity, specific matters affecting the business that are related to the environment are handled and resolved in each case by the environmental divisions of each business.

4. Environmental Commitments

The development of clean energy, investment in smart grids and other energy efficient technologies and respect for the environment are the pillars of the Group’s energy production model and distinguish the Company in the energy sector as one of the leading companies worldwide.

The Company considers this environmental dimension as a priority in planning its businesses. This compels it to promote innovation, eco-efficiency and the gradual reduction of environmental impacts in the activities of the Group, in order for energy to become a sustainable driver of the economy and an ally of balanced development.

Accordingly, aware of the importance of this factor in carrying out its corporate mission for its customers and shareholders and for other significant stakeholders with whom it interacts, the Company and the companies belonging to the Group undertake to promote innovation in this field and eco-efficiency (reduction of the environmental impact per production unit), i.e. to gradually reduce the environmental impacts of their activities, facilities, products and services, as well as to offer, promote and investigate eco-efficient solutions within their market, thus harmonizing the conduct of their activities with the legitimate right of current and future generations to enjoy an adequate environment.

Along these lines, the Policy against Climate Change includes a specific goal of gradually reducing the intensity of greenhouse gas emissions.

The Group also optimises the management of water and hazardous and non-hazardous waste through systems that set objectives and goals on, among other aspects, waste reduction, the use of best practices in water usage and the use of recycled materials, thus contributing to the transition towards a circular economy.

5. Instruments for the Adoption and Promotion of Environmental Commitments

The environmental commitments of the Group are promoted through:

a. An organizational structure with clearly defined responsibilities in connection with the environment and sustainability in general, which is decentralised and based on the principle of subsidiarity.

b. This Environmental Policy and other specific policies relating to significant specific aspects, such as biodiversity and climate change.

c. The consideration of the environmental variable in risk control and management policies.

d. A global environmental management system, which allows for a reduction in environmental risks, improving the management of resources and optimising investments and costs.

e. The funding of specific budgets.

f. The periodic preparation of specific strategic plans that determine strategic priorities and key matters relating to the environment.

g. The establishment of specific and verifiable environmental goals.

h. Training of and provision of information to management personnel and employees.
6. Main Principles of Environmental Conduct of the Group

To achieve the implementation of these commitments, the Group shall be guided by the following main principles of conduct:

a. Respect applicable environmental laws and regulations in the countries in which it operates and, to the extent possible, anticipate the application of new legal provisions when more stringent, and comply with voluntarily assumed commitments and with international rules of environmental conduct, particularly when they are more ambitious.

b. Know and assess the environmental risk of production facilities on an ongoing basis, and constantly improve and update the mechanisms designed to mitigate or eradicate them.

c. Establish indicators and reporting systems that allow for knowing and objectively comparing the environmental impact of the various activities of the Group, classifying them and allowing for the traceability thereof, in order to be able to use such information efficiently in the decision-making process of the businesses of the Group.

d. Prevent the occurrence of such risks and, if appropriate, mitigate the consequences of such occurrence, including, when deemed appropriate, the provision of financial guarantees.

e. Integrate fully the environmental dimension and respect for the natural environment into the strategy of the Group.

f. Ensure at all times the compatibility of environmental protection, the meeting of social needs in the energy arena and the sustainable creation of value through innovation and eco-efficiency, contributing to a sustainable and responsible energy model.

g. Consume responsibly, making sustainable use of resources and increasing the circularity of the Group’s activities.

h. Incorporate the environmental dimension into investment decision processes and the planning and carrying out of activities, promoting the consideration thereof in cost-benefit analyses.

i. Establish appropriate management systems, based on a philosophy of ongoing improvement, that help to reduce environmental risk and that include:

1. Ongoing efforts to identify, assess and reduce the adverse environmental effects of the activities, facilities, products and services of the Group.

2. Provision of information to and training of employees on the effects of the development of the Group’s processes and products to minimise the detrimental effects of its activities on their health and on the environment.

3. Development of plans and programmes setting objectives and goals and updating of emergency plans that will make it possible to reduce risks, minimise adverse environmental effects and regularly monitor the progress and effectiveness of the measures applied, fostering the ongoing improvement of the Group’s processes and practices.

4. Carry out monitoring, measurement and, if appropriate, corrective activities.

5. Performance of internal and external audits.

j. Identify and incorporate available technical improvements for the production and distribution of electric power from a technical financial, environmental and social standpoint.
Part III. Sustainable Development Policies

k. Respect nature, biodiversity and the historical and artistic heritage in the natural environment where the Group’s facilities are located.

l. Foster research and development of new technologies and processes that help to address climate change and other environmental challenges with a preventive approach and allow for a more efficient use of natural resources to progress towards a more sustainable energy model, including electric mobility.

m. Promote behaviour of the Group that is in line with the principles of this Environmental Policy, assigning positive value to alignment therewith, particularly in the selection of contractors and suppliers.

n. Establish a constructive dialogue with Government Agencies, regulatory authorities, non-governmental organisations, multilateral agencies, shareholders, customers, local communities and other stakeholders in order to:
   1. Mutually understand the interests and objectives of each of the parties.
   2. Work jointly in the search for solutions to environmental problems and dilemmas.
   3. Contribute to the development of a useful public policy from the environmental standpoint that is efficient in economic terms.
   4. Raise awareness of the importance of taking measures to reduce greenhouse gas emissions.

o. Report transparently on environmental results and actions, establishing the appropriate channels to favour communication with the stakeholders and recognising both achievements and aspects that need to be improved.

p. Share acquired knowledge with their customers in order to improve their environmental behaviour in connection with energy.

q. Support legal measures, initiatives and innovations focused on permitting greater electrification of consumer uses of the economy, like electric cars and trains, heat pumps, etc. as an effective and efficient vector of the fight against climate change due to the de-carbonisation that they engender.

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This Environmental Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 19 February 2019.
13. Policy against Climate Change

19 February 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) is vested with responsibility for formulating strategy and approving the corporate policies of the Company, and for organising the internal control systems. It approves this Policy against Climate Change pursuant to the provisions of the Purpose and Values of the Iberdrola group, aware of its commitment to the environment generally and to the fight against climate change particularly.

1. Purpose

Climate change is one of the most important challenges that humanity must face in the 21st century. The use of fossil fuels has caused a considerable increase in greenhouse gas emissions, which have accelerated global warming.

The Company and the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), recognise the seriousness of the threat that such global warming entails, which must be faced in a collective and coordinated manner by governments, multilateral agencies, the private sector and society as a whole.

Along these lines, the Company commits to assuming a position of leadership in the fight against climate change, to promote a corporate culture focused on promoting awareness-raising among all of its stakeholders regarding the magnitude of this challenge and the benefits associated with resolving it, identifying specific actions in the area of mitigation and adaptation.

The Company’s leadership commitment is consistent with the goals of the Paris Agreement, with goal thirteen of the Sustainable Development Goals (SDGs) approved by the United Nations, and with an ambitious and efficient focus on the process of implementation thereof.

The Company thus wishes to contribute actively and decisively to a low-carbon and sustainable future, minimising the environmental impact of all its activities and promoting the adoption of whatever actions are within the Group’s reach for such purpose, an effort that must be compatible with social and economic development through the sustainable generation of employment and wealth.

This Policy against Climate Change is formalised to articulate and disseminate the Group’s commitment with regard to climate change.

2. Main Principles of Conduct

In order to implement this commitment, the Company and the rest of the companies belonging to the Group shall be guided by the following main principles of conduct:

a. Contribute to the mitigation of climate change and to the decarbonisation of the energy model, gradually reducing the intensity of greenhouse gas emissions (expressed in grams of CO2 per kWh generated) in order to place it below one hundred fifty grams of CO2 per kWh by 2030 -which entails a fifty per cent reduction in the intensity of emissions compared to 2007- continuing the development of electric energy from renewable sources, focusing innovation efforts within more efficient technologies having a lower intensity of carbon dioxide emissions, and progressively introducing them in their facilities, until reaching carbon neutrality by the year 2050.

b. Support international climate change negotiation processes and the significant participation of the private sector in the global agenda to meet the climate goal included in the Paris Agreement of keeping the average global temperature below two degrees Celsius, and as close as possible to one and a half degrees Celsius, and introduce a more ambitious dynamic both as to the implementation thereof and the revision of the commitments assumed by the parties to such agreement.
c. Strengthen the Group’s leadership in the international process of fighting against climate change by entering agreements and collaboration with multilateral bodies, civil society organisations with particular engagement in this area, and particularly the UN Framework Convention on Climate Change.

d. Maintain global leadership in renewable energy and in investment in and operation of smart grids, which allow for strong integration of such renewable energy, promote the replacement of energy generation systems based on the use of fossil fuels with higher carbon content and favour the improvement of efficiency in generation, in transmission and in the final use of energy. This leadership in renewable energy and efficient technology will allow the Company to strengthen its commitment to the climate goals within a framework of growing electrification of the global energy system.

e. Support legal measures, initiatives and innovations focused on permitting greater electrification of consumer uses of the economy, like electric cars and trains, heat pumps and other clean technologies, as an effective and efficient vector of the fight against climate change due to the contribution to decarbonisation of the economy that they engender.

f. Advocate for mechanisms establishing emissions prices that generate a strong and sustainable price signal, capable of generating the resources required to equitably finance clean energy projects, both in industrialised countries and in emerging and developing economies.

g. Support a tax system that includes the "polluting party pays" principle as a basic principle and that includes not only the electricity production industry, but principally the transport and construction industries.

h. Support public policies and strategies that deal in a coordinated and consistent manner with the social problems relating to climate change and air quality, which are strongly linked to the burning of fossil fuels.

i. Have a global environmental management system, which allows for a reduction in environmental risks, improving the management of resources and optimising investments and costs.

j. Integrate the climate change variable in internal decision-making processes as well as in the analysis and management of long-term risks for the Group.

k. Actively foment a culture that promotes the efficient and responsible use of energy and encourage the behaviours that favour such responsible use, engaging all stakeholders of the Company for this purpose.

l. Encourage in-house training of the Group’s employees in the fight against climate change and stimulate suppliers to adopt policies consistent with those of the Company in this area.

m. Contribute to raising the awareness of society regarding the phenomenon of climate change and its consequences and solutions through the preparation of campaigns and communication materials, as well as by collaborating with third parties in projects with this purpose.

n. Regularly review the Company’s greenhouse gas emissions inventory.

o. Lead the main international indices on the fight against climate change.

p. Disseminate any results achieved and/or actions performed by the Group regarding the fight against climate change.

q. Establish the mechanisms needed to ensure the coordinated application of this Policy against Climate Change throughout the Group.

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This Policy against Climate Change was initially approved by the Board of Directors on 15 December 2009 and was last amended on 19 February 2019.
14. Biodiversity Policy

19 February 2019

The Board of Directors of IBERDROLA, S.A. (the “Company”) is vested with responsibility for formulating the strategy and approving the corporate policies, and for organising the internal control systems. It approves this Biodiversity Policy pursuant to the provisions of the Purpose and Values of the Iberdrola group, aware of its commitment to the environment generally and to the preservation of the biodiversity of the ecosystems, landscapes and species of the territories in which it does business particularly.

1. Biodiversity

Economic and social development is closely linked to the use of natural resources, affecting not only the availability thereof, but also the integrity of ecosystems and the biological diversity thereof. The Company is aware that preservation of the ecosystem is an essential condition for global sustainability, and it is therefore necessary for this development to be fully compatible with the environment.

The scientific community unanimously agrees in noting that there is currently a serious decline in biodiversity as well as a degradation of ecosystems. This loss of biodiversity, a direct consequence of the impact of human activities, is occurring more rapidly and generally, which entails serious environmental, economic and social risks.

The Company is fully aware of these risks and of its responsibility as a leading company in the energy sector, and works to adopt the measures allowing for the identification and eradication thereof, with a proactive attitude promoting biodiversity that goes beyond strategies of mitigating or containing damages.

Encouragement of economic and social development, respect for the environment and promotion of biodiversity are paramount corporate values for the Company, informing all of its actions, aligned to comply with Sustainable Development Goals (SDGs) six, thirteen, fourteen, fifteen and seventeen approved by the United Nations. In this regard, this Biodiversity Policy confirms the Company’s commitment to sustainable and efficient development, recognising the strategic value represented by the preservation and promotion of biodiversity for all of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).

2. Purpose

During their respective life cycles, the Group’s businesses cause interactions with various ecosystems, landscapes and species. The Company therefore commits to promoting the biodiversity of the ecosystems, establishing new projects sustainably, allowing balanced co-existence, and conserving, protecting and promoting the development and growth of the natural heritage.

The Company also commits to promote a social culture focused on promoting awareness-raising among all of its stakeholders regarding the magnitude of this challenge and the benefits associated with meeting it, identifying specific actions that contribute to the preservation and development of the environment and to the sustainable use of natural resources.

These commitments are assumed and promoted through this Biodiversity Policy, in order for the various levels of the organisation of the Company and the other companies belonging to the Group to progress in developing methods of analysis of effects and actions for the preservation of biodiversity into the planning and subsequent implementation of their activities. Moreover, all the professionals of the Group will contribute in their daily work to the achievement of the targets set in this field.

3. Main Principles of Conduct

To implement its commitment to biodiversity, the Group shall be guided by the following main principles of conduct, which shall be gradually applied in all its activities and businesses:

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Part III. Sustainable Development Policies

a. Integrate the preservation of biodiversity into the strategy of the Group, including consideration thereof in decisions on the construction, operation and decommissioning phases of infrastructure projects, particularly for dams, power lines and wind farms.

b. Apply a preventive approach to minimise the impacts of new infrastructure on biodiversity, bearing in mind the entire life cycle thereof, for which purpose environmental guidelines shall be prepared for each type of infrastructure project to be carried out by the Group.

c. Incorporate this preventive approach into the environmental and social impact assessments of new infrastructure projects, particularly in natural areas that are sensitive, biologically diverse or protected.

d. Promote the offset of impacts caused by the Group’s activities and the restoration of natural capital.

For these purposes, the companies of the Group perform the following activities, among others, based on the needs of each project during the construction, operation, and decommissioning phases: monitoring of flora and fauna, especially protected or vulnerable species, silvicultural treatments, and forest restorations with indigenous species.

e. Integrate biodiversity into the Group’s environmental management systems (EMS), setting goals, indicators and standards for the control, monitoring and audit thereof.

f. Protecting species and habitats through the application of positive conservation management and investigation of sites in order to obtain a positive net balance with respect to the environment, avoiding the placement of new infrastructure in areas that are protected or that have a high biodiversity value.

g. Report on the biodiversity actions of the Group, the presence of facilities in protected areas, and research, preservation, education and awareness-raising actions, periodically publishing a biodiversity report.

h. Promoting biodiversity awareness and training for the Group’s own personnel as well as subcontracted personnel and those of its suppliers.

i. Participate in carrying out research, preservation, education and sensitisation projects, cooperating with government agencies, non-governmental organisations, local communities and other stakeholders on biodiversity issues.

4. Priority Lines of Action

Biodiversity and ecosystems have a leading role in the business strategy of the Company through four priority lines of actions that develop the principles set out in the preceding section:

a. Promoting the protection, preservation, and sustainable use of the natural environment (air, water, land, fauna—with special emphasis on avifauna, terrestrial fauna and ichthyofauna-, flora and landscape) through the adoption of specific preventative, mitigating and compensatory actions intended for prevention or to restore zones that may be affected by the Group’s facilities in the principal countries in which it does business.

b. Evaluation of the impact of new projects on biodiversity, adopting the measures that may be necessary to correct or minimise them, and in any case attempting for the environmental impact to be as low as possible, consulting with various stakeholder groups regarding the project prior to commencement, and incorporating best construction practices, going beyond applicable legal requirements in each case.

For these purposes, the Group encourages the preparation of environmental impact studies prior to commencing new projects, through impact analysis and prevention mechanisms that take into account various alternatives and establish corrective measures to avoid, mitigate or offset any possible damages.

Furthermore, the monitoring of environmental impacts does not end upon completion of the facility, but rather continues during the operation and decommissioning phases thereof.

c. The engagement of stakeholders through participation in research projects and the promotion of a strategy of ongoing dialogue that allows for identifying and meeting their expectations in terms of biodiversity and taking them into consideration in the process of making decisions in the management of the businesses.

d. Awareness-raising and communication at both the internal and external level with training activities, internal and external education, prizes, publications and sponsorship activities.
This Biodiversity Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 19 February 2019.
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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.
I. Regulations for the General Shareholders’ Meeting

2 April 2020

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PRELIMINARY TITLE

Article 1. Purpose

1. The Regulations for the General Shareholders’ Meeting (the “Regulations”) contain the principles for conducting the General Shareholders’ Meeting of IBERDROLA, S.A. (the “Company”), as well as the basic rules for the call, preparation and holding thereof.

2. The Regulations seek to achieve greater transparency, efficiency and impetus to the functions of deliberation and decision-making by the shareholders at the General Shareholders’ Meeting, to guarantee equal treatment of all shareholders in the same situation with respect to information, participation and the exercise of voting rights at the General Shareholders’ Meeting, and particularly to promote the maximum participation of the shareholders and their engagement in the life of the Company.

3. The recommendations on good governance generally recognised in the international markets and the best practices regarding the sustainable management of events have been taken into account in the preparation hereof.

Article 2. Scope of Application and Duration

1. The Regulations shall apply to all General Shareholders’ Meetings held by the Company.

2. They shall have indefinite duration and shall become effective upon the first General Shareholders’ Meeting to be called after the meeting at which it is resolved that these Regulations or any subsequent amendments hereof be approved, without prejudice to the rights previously accorded to the shareholders under legal and by-law provisions.

Article 3. Dissemination

These Regulations and any amendments hereto shall be communicated to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) and registered with the Commercial Registry (Registro Mercantil) pursuant to applicable rules and regulations. The current text of these Regulations shall be made available on the Company’s corporate website.

Article 4. Priority and Interpretation

1. These Regulations further develop and complement legal and by-law provisions applicable to the General Shareholders’ Meeting, which shall prevail in the event of contradiction therewith, and shall be interpreted in accordance with the Corporate Governance System of which they form a part.

2. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders’ Meeting shall be settled by the chair thereof.

Article 5. Amendment

1. The Board of Directors, and shareholders who individually or collectively represent at least three per cent of the share capital of the Company, shall have the right to propose amendments to the Regulations.

2. The full text of the proposed amendment and a report providing the rationale therefor prepared by the Board of Directors or by the shareholders making the proposal shall be made available to the shareholders at the time of the call to the General Shareholders’ Meeting at which the decision is to be made regarding the aforementioned proposal.


1. In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders’ Meeting the Board of Directors may make available thereto a guide, in the medium it deems appropriate (including a virtual assistant), in order to clearly explain the most significant aspects regarding the operation of the General Shareholders’ Meeting and the procedures established for the exercise of their rights thereat.

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2. The Board of Directors may approve rules of implementation that systematise, adapt and specify the provisions of the Corporate Governance System regarding the General Shareholders’ Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.

3. The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding, and formalisation of the resolutions at each General Shareholders’ Meeting.

4. Pursuant to the provisions of the Sustainable Management Policy, the Company shall endeavour to ensure that all actions relating to the organisation of the General Shareholders’ Meeting comply with the best practices in this area.

TITLE I. FUNCTION, TYPES, AND POWERS

Article 7. Function
1. The General Shareholders’ Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide by the required majorities those matters within their power, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Corporate Governance System.

2. Decisions of the shareholders at a General Shareholders’ Meeting bind all shareholders, including shareholders who are absent, vote against or in blank, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.

Article 8. Types
1. A General Shareholders’ Meeting may be annual or extraordinary.

2. The shareholders acting at an annual General Shareholders’ Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve the corporate management, approve the annual accounts for the prior financial year, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders’ Meeting regarding any other matter within the power of the shareholders, provided that such matters appear on the agenda of the call to meeting or are legally appropriate and that the required quorum for the General Shareholders’ Meeting has been formed for such purpose.

3. Any General Shareholders’ Meeting not provided for in the preceding section shall be deemed to be an extraordinary General Shareholders’ Meeting.

Article 9. Powers
1. The shareholders acting at a General Shareholders’ Meeting shall decide the matters assigned thereto by law, the By-Laws, these Regulations or other rules of the Corporate Governance System, and particularly regarding the following:

   A. With respect to the Board of Directors and the directors:

      a. The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.

      b. The approval of the establishment and application of systems for remuneration of the Company’s directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.

      c. Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders’ Meeting, as well as from the obligation not to compete with the Company.

      d. The exercise of derivative liability actions against directors.
B. With respect to the annual accounts and corporate management:
   a. The approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries.
   b. The approval of the statement of non-financial information.
   c. The allocation of profits/losses.
   d. The approval of corporate management.
C. With respect to amendments to the Corporate Governance System:
   a. The amendment of the By-Laws.
   b. The approval and amendment of these Regulations.
   c. The approval of the director remuneration policy upon the terms provided by law.
D. With respect to an increase or reduction in share capital, acquisition of own shares and issue of debentures:
   a. An increase or reduction in share capital.
   b. The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.
   c. The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders’ Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders’ Meeting held after the end of the period granted for the use of such delegation.
   d. The exclusion or limitation of pre-emptive rights.
   e. The authorisation for the derivative acquisition of the Company’s own shares.
   f. The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.
E. With respect to structural changes of the Company and functionally similar operations:
   a. The transformation of the Company.
   b. The merger or split-off of the Company upon the terms provided by law.
   c. The overall assignment of assets and liabilities.
   d. The transfer of the registered office abroad.
   e. The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.
   f. The acquisition, transfer or contribution of key assets from or to another company.
F. With respect to statutory auditors:
   a. The appointment, re-election and removal of the statutory auditors.
   b. The exercise of derivative liability actions against the statutory auditors.
G. With respect to the dissolution and liquidation of the Company:
   a. The dissolution of the Company.
   b. The appointment and removal of the liquidators.
   c. The approval of the final liquidating balance sheet.
   d. The exercise of derivative liability actions against the liquidators.
e. The approval of transactions having an effect equivalent to liquidation of the Company.

2. The shareholders acting at a General Shareholders’ Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their power pursuant to law or the Corporate Governance System.

3. The shareholders acting at a General Shareholders’ Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also make a pronouncement on any other reports or proposals submitted by the Board of Directors.

TITLE II. CALL TO THE GENERAL SHAREHOLDERS’ MEETING

Article 10. Call to the General Shareholders’ Meeting

1. The General Shareholders’ Meeting shall be formally called by the Board of Directors.

2. The Board of Directors must call the General Shareholders’ Meeting in the following events:
   a. In the event set forth in article 8.2 above.
   b. If the meeting is requested, in the manner provided by law, by shareholders who individually or collectively represent at least three per cent of the share capital, which request sets forth the matters to be addressed. In this event, the Board of Directors shall call for the General Shareholders’ Meeting to be held within the statutorily prescribed deadline. The Board of Directors shall prepare the agenda of the call to meeting, which must include the matters specified in the request.

3. The Board of Directors may request the presence of a notary public to assist with and draw up the minutes of the General Shareholders’ Meeting. In any event, the Board must request the presence of a notary public under the circumstances provided by law.

Article 11. Announcement of the Call to Meeting and Agenda

1. The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:
   a. The Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.
   a. The website of the National Securities Market Commission.
   a. The Company’s corporate website.

2. The announcement of the call to meeting must contain all statements required by law in each case and must set forth:
   a. The day, place and time of the meeting upon first call and the agenda, with a statement of all matters to be dealt with.
   b. A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders’ Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.
   c. The date on which the holders of the Company’s shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders’ Meeting being called.
   d. A statement of where and how the complete text of the documents to be submitted at the General Shareholders’ Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders’ Meeting.
   e. The address of the Company’s corporate website.

   The attendance bonus that the Board of Directors may resolve to pay to shareholders attending
the General Shareholders’ Meeting in accordance with the policy approved for such purpose. The announcement may also set forth the date on which the General Shareholders’ Meeting shall proceed upon second call, if applicable.

3. The shareholders at the General Shareholders’ Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.

**Article 12. Supplement to the Call to Meeting and Submission of Well-founded Proposed Resolutions**

1. Shareholders who individually or collectively represent at least three per cent of the share capital may:

   a. Request the publication of a supplement to the call to the Annual General Shareholders’ Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposed resolution.

   b. Submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to the General Shareholders’ Meeting.

   The written notice of the exercise of such rights shall specify the name or the corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences the status thereof as shareholder, in order for such information to be checked against that provided by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR), as well as the contents of the item or items proposed. Under the circumstances set forth in letter a), the Board of Directors may require that the shareholder also attach the proposed resolution or resolutions and, if legally required, in the instances set forth in letters a) and b), the report or reports providing a rationale for the proposals.

2. The shareholders’ rights mentioned in the preceding section must be exercised by duly authenticated notice sent to the Company's registered office within the periods provided by law.

3. The Company shall publicise the items on the agenda and/or the proposed resolutions submitted in accordance with the preceding sections as soon as possible, within the legally mandated periods, and shall publish a new form of attendance, proxy and absentee voting card that takes them into account. The Company shall also ensure the dissemination of these proposed resolutions and any documentation attached thereto to the other shareholders, in accordance with the provisions of law.

4. At the time of the call to meeting, the Board of Directors shall make available to the shareholders all information additional to that required by law that it deems appropriate and that contributes to a better understanding by shareholders with respect to the exercise of their rights in connection with the General Shareholders’ Meeting and of the matters to be dealt with thereat.

**Article 13. Availability of Information**

1. The Company shall endeavour to encourage the use of the most environmentally-friendly channels of information, prioritising the use of digital media whenever the law so allows.

2. When the shareholders are to deal with an amendment to the By-Laws, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company’s registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.

3. In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.

**Article 14. Corporate Website**

1. The Company shall use its corporate website to promote the informed participation of all shareholders in the General Shareholders’ Meeting and to facilitate the exercise of their rights related thereto.

2. From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders’ Meeting in question, the Company shall continuously publish on its corporate website in electronic format and in an organised and environmentally-friendly manner, such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders’ Meeting, including in any case the following:
Article 15. Requests for Information Prior to the General Shareholders’ Meeting

1. From the date of publication of the call to the General Shareholders’ Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem relevant, regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders’ Meeting; and (iii) the audit report.

2. All such requests for information or questions may be made or asked by delivery of the request to the Company’s registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence thereof, to the Office of the Shareholder (Oficina del Accionista). Requests shall be allowed that include the recognised electronic signature of the requesting party, the personal passwords referred to in letter b) of article 19.2 below, and any subsequent appointments as director of the Company; and shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the report prepared by the Board of Directors and the proposal of the Appointments Committee in the case of independent directors, and the report of the Committee in other cases.

3. Furthermore, after the publication of the announcement of the call to the Ordinary General Shareholders’ Meeting, the Company shall include on its corporate website the following documentation, which the Board of Directors may group into one or more reports:

   a. The report on the independence of the statutory auditor prepared by the Audit and Risk Supervision Committee.

   b. The related-party transactions report prepared by the Appointments Committee.


   d. The integrated report.

   e. Any other reports determined by the Board of Directors.

4. After the publication of the announcement of the call to meeting, the Company shall use its best efforts to include in its corporate website an English version of the information and the principal documents related to the General Shareholders’ Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.

5. Pursuant to the provisions of applicable legislation, an Electronic Shareholders’ Forum shall be enabled on the Company’s corporate website on occasion of the call to the General Shareholders’ Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders’ Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.
or that use other mechanisms that the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder, after an express resolution adopted for such purpose.

3. Regardless of the means used, the request must include the shareholder’s first and last names or company name, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders’ name provided by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) for the General Shareholders’ Meeting in question. The shareholder shall be responsible for showing delivery of the request to the Company as and when due.

4. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in the By-Laws and in these Regulations, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the Company or related companies.

5. The information requested may not be denied if it is supported by shareholders representing at least twenty-five per cent of the share capital.

6. The Board of Directors may authorise any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.

7. To ensure the equal treatment of all shareholders, valid requests for information, clarification, or requests made in writing by the shareholders and the answers provided in the same form by the Board of Directors or the persons delegated thereby shall be included in the corporate website of the Company.

8. If, prior to the presentation of a specific question, the information requested is clearly, expressly and directly available to all shareholders on the corporate website in question/answer format, the answer may consist of a reference to the information provided in such format.

TITLE III. RIGHTS TO ATTEND AND TO PROXY REPRESENTATION

Article 16. Participation

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting, including the ability to deliver promotional material or gifts with symbolic value to the shareholders participating in the General Shareholders’ Meeting or in the holding of similar promotions. Any items remaining from the promotions or gifts may be used for social welfare purposes.

Article 17. Attendance

1. All holders of at least one voting share may attend the General Shareholders’ Meeting and take part in deliberations thereof, with the right to be heard and to vote.

2. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders’ Meeting is to be held.

3. The Company shall verify compliance with this requirement by consulting the data provided for this purpose by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) or by another valid means.

Article 18. Other Attendees

1. The members of the Board of Directors must attend the General Shareholders’ Meeting. The absence of any of them shall not affect the validity thereof.

2. The chair of the General Shareholders’ Meeting may authorise the meeting to be attended by officers, employees and other persons with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts and any other person the chair deems appropriate. The shareholders acting at the General Shareholders’ Meeting may revoke such authorisation.

3. Personnel from the Office of the Shareholder and the person performing the duties described in article 27.3 below shall also attend the General Shareholders’ Meeting.
Article 19. Right to Proxy Representation

1. Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.

2. The proxy may be granted by delivering to the proxy representative the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means:
   a. Through the financial institutions that are intermediaries, managers and depositaries in which their shares are deposited, in order for said institutions to in turn cause the instructions received to be delivered to the Company.
   b. Through the proxy form available on the Company’s corporate website, using the instantaneous authentication systems implemented by the Company, recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.

   For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.

   c. Advance delivery of the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced on the Company’s corporate website.

   d. Sending the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.

   e. By any other means of remote communication that the Board of Directors determines to favour the participation of the largest possible number of shareholders, provided that notice thereof is given on the corporate website at the time of publishing the announcement of the call to meeting, that it provides sufficient guarantees of the authenticity and identification of the shareholder granting the proxy, and, if appropriate, that it duly ensures the security of the electronic communications.

3. A proxy granted by any of the means indicated in the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders’ Meeting is held upon first call or upon second call, as applicable.

4. The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.

   Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures for the granting of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and allow and authorise the chair of and the secretary for the General Shareholders’ Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.

5. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders’ Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument evidencing attendance or representation by proxy.

6. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders’ Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.

7. A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.

8. A proxy may cover those matters that the law allows to be dealt with at the General Shareholders’ Meeting even when not included in the agenda.

9. If the proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions
or questions arise as to the intended proxy-holder or the scope of the representation, and unless otherwise indicated by the shareholder, it shall be deemed that: (i) the proxy is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to the General Shareholders’ Meeting; (iii) contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders’ Meeting in accordance with law, in respect of which the proxy-holder shall vote in the direction the proxy-holder deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.

This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt and specify the provisions of the Corporate Governance System regarding the management of the General Shareholders’ Meeting.

10. Before being appointed, the proxy-holder shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy-holder shall immediately inform the shareholder thereof. In both cases, if the proxy-holder has not received new specific voting instructions regarding each of the matters on which the proxy-holder has to vote on behalf of the shareholder, the proxy-holder shall abstain from voting, without prejudice to the provisions of the following section.

11. Unless otherwise expressly indicated by the shareholder, if the proxy-holder is affected by a conflict of interest and has no specific voting instructions, or if the proxy-holder has them but it is deemed preferable that the proxy-holder not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy-holders for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders’ Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.

12. A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of article 40.3 below.

**Article 20. Attendance, Proxy and Absentee Voting Cards**

1. The Company may issue the attendance, proxy and absentee voting cards for the participation of the shareholders at the General Shareholders’ Meeting, and also propose to the entities members of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) and to the intermediary and management institutions and depositaries in general, the form of such cards as well as the formula that must be recited in order to delegate proxy representation, which, in the absence of specific instructions from the party granting the proxy, may also set forth the way for the proxy-holder to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy and absentee voting card may also specify the identity of the proxy-holder and the alternate or alternates for the proxy-holder in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.

The Company shall ensure that the cards issued by such institutions are uniform and include a bar code or other system that allows for the reading thereof by electronic or long-distance data transmission means in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders’ Meeting.

2. The proxy or voting instructions of the shareholders acting through intermediary and management institutions or depositaries may be received by the Company through any valid system or means of long-distance communication, signed by the shareholder or by the institution. The institutions may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.

3. If a financial intermediary or management institution or depositary sends to the Company an attendance, proxy and absentee voting card or verifying instrument of a shareholder duly identified in the document and bearing the signature, stamp and/or mechanical impression of the institution, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such institution to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman...
of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.

4. In other respects, the other rules contained in the Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.

5. All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote.

TITLE IV. INFRASTRUCTURE AND EQUIPMENT

Article 21. Place of the Meeting

1. The General Shareholders’ Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call, it shall be deemed that the meeting will take place at the registered office.

2. The General Shareholders’ Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.

Article 22. Infrastructure, Means of Communication and Services Available at the Premises

1. The premises to be used to hold the General Shareholders’ Meeting shall have the personnel, technical equipment, and safety, assistance and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General Shareholders’ Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.

2. The Company may make available other furnished premises with similar characteristics where the General Shareholders’ Meeting can be held in the event of an emergency.

3. Appropriate controls and surveillance and protection measures, as well as systems for controlling access to the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders’ Meeting.

4. Once the General Shareholders’ Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording and/or transmission equipment and in general any instrument that might alter the visibility, sound or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.

5. The proceedings of the General Shareholders’ Meeting shall be the subject of audiovisual recording, unless the chair of the General Shareholders’ Meeting decides otherwise. They may also be the subject of storage and live or recorded broadcast by any means, including over the internet, and dissemination on social media, on the legal basis of the Company’s legitimate interest in complying with best transparency practices. A data subject shall have the rights of access, rectification, objection, erasure and restriction of processing of the data collected by the Company on the terms established by law by sending a letter addressed to the registered office or to the Office of the Shareholder (the postal address of which shall be provided by the Company for each Meeting) and at the e-mail address established by the Company for each Meeting. The data subject may also request more detailed information regarding the Company’s privacy policy at the postal and electronic addresses indicated above.

6. Whenever reasonably possible, the Company shall endeavour to ensure that the premises at which the General Shareholders’ Meeting is held has the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders’ Meeting by attendees with auditory or visual limitations.

7. The Company shall also make available to the shareholders any additional information that facilitates following
the General Shareholders’ Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose.

**Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results**

1. The Company shall have the personnel and technical equipment required to perform monitoring and counting of the attendance, proxy, and absentee voting cards.

2. On the day of the General Shareholders’ Meeting, the premises indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of those attending the meeting and to determine the quorum, prepare the list of shareholders present in person and by proxy, and calculate the voting.

3. In order to undertake such activity, the Company may, in accordance with applicable rules and regulations, ask “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) to provide a list of the Company’s shareholders and the number of shares appearing in the name of each shareholder.

**Article 24. Office of the Shareholder**

The Company shall set up an Office of the Shareholder in a visible place at the stated premises of the General Shareholders’ Meeting, in order to:

a. Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals and vote.

b. Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their statements, if such statements are available in writing.

c. Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or shareholders for submission at the General Shareholders’ Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders’ Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors’ reports and other documentation relating to the proposed resolutions shall also be made available to them.

**TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS’ MEETING**

**Article 25. Opening of the Premises and Monitoring Access Thereto**

1. In the place and on the day provided in the announcement for the holding of the General Shareholders’ Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.

   Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders’ Meeting is held may attend the meeting as invitees (in the room where the meeting is held or, if so decided by the chair of the General Shareholders’ Meeting, in an adjoining room from where they can follow the meeting).

2. In the event that a second call is made due to the failure to attend of the number of shareholders legally required to hold the General Shareholders’ Meeting upon first call, such circumstance shall be properly recorded in the minutes of the General Shareholders’ Meeting.

**Article 26. Presiding Committee, Chair and Secretary**

1. The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and of the other members of the Board of Directors attending
the meeting. Without prejudice to the powers assigned thereto in these Regulations, the Presiding Committee shall assist the chair of the General Shareholders’ Meeting in performing the duties entrusted thereto.

2. The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders’ Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the By-Laws; and in the absence of the foregoing, the person appointed by the Presiding Committee shall serve.

3. The chair of the General Shareholders’ Meeting shall be assisted by the secretary for the General Shareholders’ Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders’ Meeting; if there are several deputy secretaries, they shall serve in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall serve as secretary for the General Shareholders’ Meeting.

4. If the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting, the provisions of sections 2 and 3 above shall also apply as regards their situation in the performance of their duties.

5. In addition, the chair of the General Shareholders’ Meeting may obtain the assistance of any person the chair deems appropriate.

**Article 27. Duties of the Chair of the General Shareholders’ Meeting**

1. The chair of the General Shareholders’ Meeting, who is responsible for progress of the meeting, shall generally have the powers needed for such purposes (including those of order and discipline), and the following powers, among others:
   
   a. To call the meeting to order.
   b. To verify that there is a valid quorum for the General Shareholders’ Meeting and, if applicable, to declare it to be validly in session.
   c. To take notice of the presence of a notary public, if any, to prepare the minutes of the meeting as a result of a request made by the Board of Directors for such purpose.
   d. To make decisions regarding questions, requests for clarification, or claims raised with respect to the list of attendees, the identity and the legitimacy of the shareholders and their proxy representatives, the authenticity and integrity of the attendance, proxy and absentee voting cards or relevant verification instruments, as well as all matters relating to the possible exclusion, suspension or limitation of voting and related rights and, specifically, to the right to vote pursuant to law and the By-Laws.
   e. To grant the floor to executive directors or officers that the chair deems appropriate in order to address the shareholders at the General Shareholders’ Meeting in order to report on the progress of the Company, as well as to present the results, goals and plans thereof. If the chair of the General Shareholders’ Meeting has the status of executive director, such presentation may be made directly thereby, in whole or in part.
   f. To order and direct the progress of the meeting in accordance with the powers set forth in article 36 below. To indicate the time for voting, establish voting systems and procedures, and determine the system for counting and calculating the votes.
   g. To temporarily suspend the General Shareholders’ Meeting and propose the continuation thereof.
   h. To bring the meeting to a close.

2. The chair of the General Shareholders’ Meeting may entrust the management of the debate to a director the chair deems appropriate, or to the secretary for the General Shareholders’ Meeting, who shall carry out these duties on behalf of the chair, with the chair having the right to retake them at any time.

3. The chair of the General Shareholders’ Meeting may appoint a representative of the Company to make an organised presentation to the General Shareholders’ Meeting on those questions or considerations that the Company’s shareholders—even if they are not in attendance or represented by proxy at the General Shareholders’ Meeting—have submitted to the Company through other channels of participation and that the chair of the General Shareholders’ Meeting deems appropriate to present.

Such representative may also present other questions raised by those attending the General Shareholders’ Meeting who prefer to ask their questions for delivery to the chair.
Article 28. Duties of the Secretary for the General Shareholders’ Meeting

1. The secretary for the General Shareholders’ Meeting shall assist the chair generally and shall perform the following duties in particular:

   a. To declare the Presiding Committee to be formed.

   b. To prepare, by delegation from the chair, the list of attendees, for which purpose the secretary shall have such means and systems as are determined by the chair.

   c. By delegation from the chair, to report to the shareholders at the General Shareholders’ Meeting regarding the quorum, stating the number of shareholders present in person or by proxy, with an indication of the percentage of share capital they represent as well as the number of shares represented in person and by proxy, also with the foregoing specification.

   d. To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders’ Meeting pursuant to law or the Corporate Governance System.

   e. To draft the minutes of the General Shareholders’ Meeting, if applicable.

   f. To exercise, at the direction of the chair of the General Shareholders’ Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.

Article 29. Establishment of a Quorum

1. The General Shareholders’ Meeting shall be validly established with the minimum quorum required by law or the By-Laws, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held upon first or second call.

2. Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders’ Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of article 21.2 of the By-Laws.

3. The absence of shareholders occurring once a quorum for the General Shareholders’ Meeting has been established shall not affect the validity of the meeting.

4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders’ Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.

Article 30. List of Attendees

1. Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy-holders, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to which capital corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Corporate Governance System.

2. The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders’ Meeting with the approval of the chair.

3. If the meeting takes place in different places pursuant to the provisions of these Regulations, the list of attendees shall also include the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.

4. The list of attendees shall be attached to the minutes of the General Shareholders’ Meeting.
Article 31. Shareholder Presentation Requests. Identification

Shareholders desiring to address the General Shareholders’ Meeting must so request the Office of the Shareholder or to whomever is indicated for such purposes prior to the commencement of the meeting and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.

Article 32. Reports

1. Once the list of attendees has been prepared and they have been informed regarding the publications of the announcement of the call to meeting, there shall be a presentation of any relevant reports by the executive directors or senior officers or persons designated for such purpose by the Board of Directors. In particular, the shareholders shall be informed of the main aspects highlighted in the *Annual Corporate Governance Report* regarding corporate governance, emphasising the changes that have occurred since the last General Shareholders’ Meeting and any non-compliance with corporate governance recommendations that the Company has described in said report.

2. If the annual accounts have qualifications, the Board of Directors may resolve that the chair of the Audit and Risk Supervision Committee and the Company’s statutory auditor explain them to the shareholders at the General Shareholders’ Meeting.

Article 33. Establishment of a Quorum for the General Shareholders’ Meeting

1. Prior to the commencement of the presentation period, the chair of the General Shareholders’ Meeting or the secretary by delegation therefrom, shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and shares in attendance at the meeting, with an indication of the share capital that such shares represent. The chair, or if applicable, the secretary, may project the data resulting from the list of attendees onto the screens of the place where the meeting is held instead of reading the data.

2. The chair of the General Shareholders’ Meeting shall then, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.

3. If appropriate, the chair of the General Shareholders’ Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, taking notice of the request to prepare the minutes of the meeting.

4. If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders’ Meeting and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders’ Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.

Article 34. Shareholder Presentation Period

1. Presentations by the shareholders or their proxy representatives shall occur in the order in which they are called by the secretary. No shareholder or proxy-holder may make a presentation without having been granted the floor or in order to deal with matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.

2. Shareholders or their proxy representatives must make reasonable use of their presentation right with respect to both the duration thereof, which shall be a maximum of five minutes, without prejudice to the chair’s powers to limit or extend such time, as well as the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders’ Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.

3. At the time of registration, those shareholders or their proxy representatives who so desire may deliver the text of their presentation to the Office of the Shareholder in order to obtain a photocopy and thus facilitate the meeting proceedings and the preparation of the minutes. This shall be required if there is a request for their presentation.
to be recorded verbatim in the minutes. In this case, the Office of the Shareholder shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder’s presentation.

4. In addition, during the shareholder presentation period, the representative of the Company appointed by the chair of the General Shareholders’ Meeting may make an organised presentation on those questions or considerations that the shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders’ Meeting who prefer to ask their questions for delivery to the chair.

**Article 35. Right to Receive Information during the General Shareholders’ Meeting**

1. During the presentation period, shareholders or their proxy representatives may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders’ Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of article 31 above.

2. The Company shall provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of article 15 above and without prejudice to the provisions of section 5 thereof.

3. The information or clarifications requested shall be provided by the chair or by any other person designated thereby.

4. If it is not possible to respond to the request for information, clarification or question during the proceedings, the response shall be sent in writing within the next seven days.

5. A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders’ Meeting.

**Article 36. Order of Shareholder Presentations, Requests and Proposals**

1. The powers to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which they should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, they are excluded by law, or they breach the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders’ Meeting may deliberate and decide upon without such resolutions appearing on the agenda of the call to meeting.

2. In the exercise of the chair’s powers to ensure the orderly conduct of the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders’ Meeting may:
   
   a. Extend the time initially allocated to each presenting party, when the chair deems it appropriate.

   b. Decide the order in which answers will be provided and whether such answers will be given following each presentation or collectively and, if appropriate, in summarised form after the last presentation.

   c. End the shareholder presentation period.

   d. Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.

   e. Call the presenting parties to order so that they limit their presentation to business properly before the General Shareholders’ Meeting and refrain from making improper statements or exercising their right of presentation in an abusive or obstructionist manner.

   f. Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding subsection, withdraw the floor therefrom.

   g. Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.

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3. The chair of the General Shareholders’ Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.

4. The chair of the General Shareholders’ Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders’ Meeting without such matters appearing on the agenda for the meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of article 40.2 of these Regulations shall apply, without prejudice to the chair’s ability to decide on the use of other procedures or alternative voting systems.

Article 37. Temporary Suspension
1. In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders’ Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair may adopt such additional measures as the chair deems appropriate to ensure the safety of the attendees and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.

2. Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair shall consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved, the chair shall immediately adjourn the meeting.

Article 38. Continuation
1. Upon good reason for doing so, the shareholders acting at the General Shareholders’ Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders’ Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.

2. Once the continuation of the General Shareholders’ Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the Corporate Governance System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of article 41.3.

TITLE VI. VOTING AND ADOPTION OF RESOLUTIONS

Article 39. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting
1. Shareholders may cast their absentee vote regarding proposals relating to the items included in the agenda of the call to meeting by the means indicated in section 2 of article 19 above. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders’ Meeting.

2. In order to vote by postal correspondence, shareholders must send to the Company the duly completed and signed attendance, proxy and absentee voting card issued in their favour by the corresponding institution, setting forth thereon the direction of their vote, their abstention or their blank vote.

3. Votes through the form available on the corporate website shall be cast using the means referred to in letter b) of article 19.2 above.

4. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day for the holding of the General Shareholders’ Meeting upon first call or second call, as applicable.

5. The absentee voting referred to in this article shall be rendered void:
   a. By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.
b. By attendance at the meeting of the shareholder casting the vote.

c. If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.

6. If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders’ Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.

7. As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant proxy representation through any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.

8. The Board of Directors is authorised to develop the appropriate rules, means and procedures to organise the casting of votes and the grant of proxies by electronic means.

Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures and the instantaneous authentication system for granting proxies and casting votes electronically or by other valid means of long-distance communication. It may also reduce the advance period established in section 4 above for receipt by the Company of absentee votes and proxies granted by postal or electronic correspondence, and accept, and authorise the chair of and the secretary for the General Shareholders’ Meeting and the persons acting by delegation therefrom to accept, absentee votes and proxies received after such period, to the extent permitted by the means available.

The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.

The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders’ Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, information and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through intermediary and management institutions or depositaries of shares, all in accordance with the provisions set forth in the Company’s Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.

Article 40. Voting on Proposed Resolutions

1. Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these Regulations, the proposed resolutions regarding matters included in the agenda of the call to meeting and any others that, pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Corporate Governance System, shall be submitted to a vote.

The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the By-Laws, that of each article or autonomous group of articles, and (iii) those matters for which this is provided in the Corporate Governance System.

The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders’ Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders’ Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders’ Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be withdrawn and therefore not be voted upon.
2. As a general rule, and without prejudice to the powers of the chair of the General Shareholders’ Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:

   a. In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank or abstain, stating so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders’ Meeting) for note thereof to be taken in the minutes of the meeting shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders’ Meeting), shall be deemed votes in favour.

   b. In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders’ Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders’ Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.

3. If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.

4. Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients.

**Article 41. Approval of Resolutions and Announcement of Voting Results**

1. The shareholders acting at a General Shareholders’ Meeting shall adopt resolutions with the majorities required by law or the By-Laws. Each voting share, whether represented in person or by proxy at the General Shareholders’ Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in article 28 of the By-Laws, other instances in which the By-Laws provide for the suspension of voting rights, or the restrictions established by law.

2. Except in cases in which the law or the By-Laws require a greater majority, the shareholders acting at a General Shareholders’ Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.

   For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders’ Meeting); and shares which, by application of the provisions of law or the By-Laws, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.

3. Once the chair of the General Shareholders’ Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders’ Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders’ Meeting, regarding the direction of their vote for recording in the minutes of the meeting.
4. Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders’ Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any.

TITLE VII. CLOSURE AND MINUTES OF THE MEETING

Article 42. Closure

Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders’ Meeting, the General Shareholders’ Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.

Article 43. Minutes

1. The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders’ Meeting, and otherwise within a period of fifteen days by the chair of the General Shareholders’ Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.

2. Once the minutes are approved, they shall be signed by the secretary for the General Shareholders’ Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the By-Laws.

3. In the event that a notary public takes part in the General Shareholders’ Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders’ Meeting and shall not require approval.

TITLE VIII. SUBSEQUENT ACTS

Article 44. Publication of Resolutions

1. Without prejudice to registration of recordable resolutions at the Commercial Registry or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission the literal text or a summary of the contents of the resolutions approved at the General Shareholders’ Meeting.

2. The text of the resolutions adopted and the voting results shall be published in full on the Company’s corporate website within five days of the end of the General Shareholders’ Meeting.

3. Furthermore, at the request of any shareholder or their representative at the General Shareholders’ Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes.
# II. Regulations for the Electronic Shareholders’ Forum

22 November 2011

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Article 1. Introduction

Pursuant to the provisions of Section 539.2 of the restated text of the Companies Law (Ley de Sociedades de Capital), IBERDROLA, S.A. (the “Company”) approves these Regulations for the Electronic Shareholders’ Forum (the “Regulations”), which form part of its Corporate Governance System, governing the Company’s Electronic Shareholders’ Forum (the “Forum”) that will be made available on the Company’s corporate website on occasion of the call to and until the holding of each General Shareholders’ Meeting.

Article 2. Purpose of the Regulations

1. These Regulations govern how the Company will enable and make the Forum available, as well as the guarantees, terms and conditions for access thereto and use thereof by the Company’s shareholders and by any voluntary associations that may be formed pursuant to applicable law.

2. As regards the Forum, these Regulations supplement the legal terms and conditions for access and use of the Company’s corporate website, which shall fully apply to access to and use of the Forum as to all matters not otherwise amended by or inconsistent with the provisions of these Regulations.

3. The Company reserves the right to modify the layout, configuration, operation and contents of the Forum, as well as the terms and conditions for use thereof and these Regulations, at any time and without prior notice, without prejudice to the provisions of applicable legal provisions, particularly to Section 539 of the restated text of the Companies Law.

Article 3. Acceptance of the Rules of the Forum

Registration as a user of the Forum (“Registered User”) and access thereto and/or use thereof entail full and unre- served acceptance of the terms and conditions set forth in these Regulations and in the version of the legal terms and conditions for access and use of the Company’s corporate website that may be in effect from time to time.

Article 4. Objective and Purpose of the Forum

1. The Forum is made available in order to facilitate communication among the Company’s shareholders on occasion of the call to and until the holding of each General Shareholders’ Meeting.

2. Registered Users may send communications for posting in the Forum, containing exclusively:
   a. Proposals sought to be submitted as a supplement to the agenda included in the call to the General Shareholders’ Meeting.
   b. Requests for adherence to such proposals.
   c. Initiatives to reach the percentage required to exercise a minority right as contemplated by law or in the Company’s Corporate Governance System.
   d. Voluntary proxy offers or solicitations.

3. The “Corporate Governance” section of the Company’s corporate website publishes the announcement of the call to meeting, which includes the agenda for each General Shareholders’ Meeting and contains a description of the rights and duties of the Company’s shareholders and of the conditions for exercise thereof, without prejudice to the provisions of applicable law at any time.

Article 5. Registered Users

1. Access to and use of the Forum is reserved exclusively to individual shareholders of the Company, and to voluntary associations of shareholders validly established and registered in the special registry created for such purpose at the National Securities Market Commission (Comisión Nacional del Mercado de Valores) pursuant to Section 539.2 of the restated text of the Companies Law and regulations thereunder.

2. In order to access and use the Forum, such shareholders and voluntary associations of shareholders must log on as a “Registered User” by filling out the corresponding form to log on as a Registered User of the Forum, providing evidence of their status as a shareholder of the Company or of a voluntary association of shareholders...
duly established and registered with the National Securities Market Commission, in the manner set forth in such form. In the case of shareholders that are legal entities and of voluntary associations of shareholders, evidence of the representative authority of the person wishing to access the Forum shall be provided in the form established for such purpose.

3. A special use form may be required to be filled out for subsequent access to and communications with the Forum.

4. Access to and use of the Forum by Registered Users are subject to at all times maintaining status as a shareholder of the Company, or as a voluntary association of shareholders duly established and registered, pursuant to applicable regulations.

5. In the event that the Company, in its capacity as administrator of the Forum, has reasonable doubts at any time regarding compliance with such condition by any Registered User, it may request such User to provide evidence that such status is maintained as well as any information or documents deemed appropriate for verification of the circumstances set forth herein.

6. The Company may request additional information from, suspend or exclude Registered Users that do not provide evidence of compliance with such conditions to its satisfaction.

7. All communications sent by shareholders or voluntary associations that cease to have such status prior to the holding of the corresponding General Shareholders’ Meeting shall automatically lapse, as shall all communications relating thereto or connected therewith.

Article 6. Access to and Use of the Forum

1. Access to the Forum

All Registered Users may access the Forum and view the communications posted by other Registered Users.

The Forum is only intended to publish the communications posted by Registered Users in connection with the matters set forth in Article 4.2 of these Regulations and does not constitute a device for electronic conversation among Registered Users or a meeting point for virtual debate. Therefore, the Company shall only include in the Forum such communications as are admissible under the law and pursuant to the Company’s Corporate Governance System, such that no other comments regarding such communications shall be posted in the Forum.

2. Posting of communications in the Forum

All registered Users may send communications regarding any of the matters set forth in Article 4 above, which shall be posted in the Forum by the Company in accordance with the technical procedures in place from time to time. The content of the communications shall only be in text form and, once posted, such communications shall be available for access by any other Registered User.

All communications by Registered Users shall be deemed made as an expression of their personal opinions and, except for the case of shareholders that are legal entities and associations of shareholders authorized for such purpose under the law and these Regulations, no communications shall be posted which are received from representatives of shareholders, shareholders’ pools and agreements, depositary entities, financial brokers or other persons acting for the account or benefit of the shareholders.

Requests for the posting of communications must be made by filling out the forms available in the Forum for such purpose, which shall include:

a. Identification of the Registered User sending the communication.

b. Statement of the communication, with a clear description of the content of the initiative.

c. Brief rationale for the communication.

All communications posted in the Forum shall include the identification data of the Registered User sending it (first and last name, in the case of individuals; corporate name, in the case of legal entities; and corporate name and registration number in the registry maintained by the National Securities Market Commission, in the case of associations of shareholders, as well as, in the last two cases, the identification data of their respective representatives). The date and time of posting shall also be indicated.

Upon sending a communication, the Registered User responsible therefor is deemed to represent and warrant that the content thereof is lawful and in accordance with the provisions of law and of these Regulations and with the requirements of good faith, that such Registered User has obtained all approvals and permits required to send the communication in question, and that such communication does not violate any third-party rights.
The Company shall have the right to verify that any communications sought to be posted comply with legal provisions, these Regulations and the requirements of good faith and may deny inclusion in or remove from the Forum any communication that it deems to be inconsistent therewith.

3. Content of communications

Any use of the Forum by Registered Users shall fully comply with applicable legal provisions, shall be consistent with the purpose of the Forum as set forth in Article 4 above and shall fulfill the requirements of good faith. In this regard, it is expressly forbidden:

a. To make an attack on the rights, property and lawful interests of the Company, of other Registered Users and of third parties and, specifically, on their intellectual and industrial property rights, freedom of religion, reputation, good name, privacy, the protection of personal data or any other property, rights or interests afforded protection by law.

b. To introduce third-party personal information or data without the informed consent of the owner thereof or to assume the identity of another.

c. To insert contents or expressions that are discriminatory, racist, sexist, violent, xenophobic or otherwise offensive or degrading.

d. To insert any kind of materials which are inappropriate or contrary to the requirements of good faith.

e. To provide information of any kind intended to be used for the commission of criminal, civil or administrative wrongs.

f. To carry out activities of any kind (or provide information to third parties) serving to circumvent technical restrictions built into the media or programs of the Forum in order to avoid any unauthorized use.

g. To include contents or materials without the requisite approval of the respective holders of intellectual and industrial rights therein.

h. To damage, disable, overload, or impair the operation of the Forum or the computer equipment of the Company, of other Registered Users or of third parties, as well as the documents, files and contents of any kind stored on such computer equipment (hacking), or to prevent the normal use and enjoyment of the Forum by other Registered Users.

The insertion of any kind of publicity or advertisement by Registered Users is absolutely forbidden.

Any Registered User that becomes aware that any contents included in or provided through the Forum are contrary to the provisions laid down in these Regulations or to the requirements of good faith may give notice thereof to the Company through the Shareholders’ Ethics Mailbox.

Registered Users undertake to use the Forum diligently, properly and in compliance with applicable law, these Regulations and the requirements of good faith, consistently with the purpose of the Forum as set forth in Article 4 above.

4. Removal of communications after the General Shareholders’ Meeting

Once a General Shareholders’ Meeting has ended, the Company reserves the right to remove and delete all communications relating thereto.

Article 7. Scope of the Forum

1. The Forum is not a channel of communication between the Company and Registered Users.

2. Therefore, no communication sent to or posted in the Forum may in any event be deemed to be a notice to the Company for any purpose and, specifically, for the purpose of exercising any rights that Registered Users individually or collectively hold, nor shall it replace compliance with the requirements established by Law and by the Company’s Corporate Governance System for the exercise of any such rights or for the conduct of initiatives and activities by the shareholders.

3. All rights and powers that the shareholders wish to enforce must be exercised via the legally established channels and pursuant to the provisions, if any, contained in the Law and in the Company’s Corporate Governance System, such that the Forum shall in no event constitute a valid channel for such purpose.
**Article 8. Company’s Liability**

1. **Extent of the Company’s liability**

   The Company shall not be liable for the accuracy, truth, effectiveness, lawfulness or relevance of the communications sent by Registered Users or for the opinions expressed thereby.

   The Company shall only be liable for its own services and for the contents directly originated by it and identified with its copyright notice as a trademark or as intellectual or industrial property of the Company.

   By accessing and/or using the Forum, all Registered Users declare that they acknowledge and agree that they shall be solely and exclusively responsible for their use of the Forum.

2. **Contents**

   The Company expressly reserves the right to deny access to and/or use of the Forum as well as the right not to post or to remove communications sent by Registered Users that contravene applicable legal provisions, these Regulations or the requirements of good faith.

   In addition, the Company has the power but not the duty to monitor the use of the Forum and the contents thereof, which are the sole responsibility of the Registered Users sending them or including them.

   In any event, the Company may establish tools to filter and moderate the contents of the communications, as well as remove contents when it believes that they may be unlawful or contrary to the provisions of these Regulations or to the requirements of good faith.

   Registered Users shall be liable for any damages that the Company, any other Registered User or any third party may suffer as a consequence of access to and/or use of the Forum (including, specifically, the sending of communications) in violation of any provisions of applicable law, of these Regulations or of the requirements of good faith.

**Article 9. No License**

1. The Company authorizes Registered Users to use the intellectual and industrial property rights associated with the software application installed on the Company’s server that executes the features making up the Forum solely for the purposes established in Article 4 and pursuant to the terms and conditions set forth in these Regulations. Registered Users shall refrain from obtaining or attempting to obtain access to or use of the Forum and its contents by means or procedures other than those made available to them or indicated for such purpose in each case.

2. The Company does not grant any kind of license or authorization to use its intellectual or industrial property rights or any other property or right related to the Forum other than as provided in the preceding paragraph.

**Article 10. Costs of Use**

Access to and use of the Forum by Registered Users is free of charge, except for the cost of connection through the telecommunications network supplied by the access provider hired by each Registered User.

**Article 11. Security and Protection of Personal Data**

1. The security and personal data protection provisions contained in the legal terms and conditions for access and use of the Company’s corporate website shall apply to the Forum. Specifically, all personal data provided by Registered Users or generated as a consequence of the use of the Forum shall be handled by the Company in order to establish, manage and monitor the operation of the Forum pursuant to the provisions of these Regulations and of applicable law.

2. Registered Users may exercise their rights of access, correction, removal and opposition via the e-mail address provided for in Article 12 below.

**Article 12. Registered Users’ Service**

Registered Users that wish to make suggestions or proposals for improvement of the Forum, or need technical assistance, or wish to exercise the rights afforded to them by personal data protection regulations, may write to the Company’s e-mail address displayed in the Forum for such purpose. The purpose of this e-mail address is to serve Registered Users and to improve the quality of the Forum, and does not entail any kind of control by or liability for the Company.
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21 July 2020

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NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
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PRELIMINARY TITLE

Article 1. Definition and Purpose
1. The Regulations of the Board of Directors (the "Regulations") of IBERDROLA, S.A. (the “Company”), in compliance with applicable legislation and as part of the Corporate Governance System, constitute its specific and concrete system of organisation, which further develops and supplements applicable legal and bylaw-mandated rules, taking into consideration the nature of the Company as a holding company and as the controlling entity of those included within its group (the “Group”).

2. These Regulations have been prepared taking into account the good governance recommendations generally recognised in international markets.

3. The Regulations contain the principles of conduct of the Board of Directors of the Company, the basic rules for the organisation and operation thereof, and the rules for the selection, appointment, re-election, removal and conduct of its members, in order to achieve the greatest degree of transparency, effectiveness and control in the performance of its duties to develop and fulfil the corporate interest.

4. The principles of conduct and the rules for organisation and operation of the management decision-making bodies existing at other companies belonging to the Group shall be governed by their respective internal regulations, if any. Such regulations shall conform to the principles set forth in these Regulations, without prejudice to any adjustments that may be required based on the specific circumstances of each company, and shall, in all cases, abide by the guarantees required by the Corporate Governance System and the principles of coordination and information-sharing that must govern the relations among the management decision-making bodies of the various companies of the Group in order for them to fully comply with their respective duties.

Article 2. Scope
1. These Regulations apply to the Board of Directors, the representative decision-making bodies thereof (whether collective or single-person) and its internal committees, as well as to all members thereof.

2. The persons to whom these Regulations apply shall have the duty to be apprised of them, to comply with them and to enforce them, for which purpose the secretary of the Board of Directors shall provide them with a copy that has been updated with subsequent amendments as they are approved, to be acknowledged by means of a signed receipt, and shall also make it available thereto on the directors’ website and publish it on the Company’s corporate website.

3. The directors shall comply with and enforce the provisions of the Corporate Governance System and shall confirm such commitment in writing upon accepting their appointment or re-election in such manner as is determined by the secretary of the Board of Directors.

Article 3. Dissemination
These Regulations and any amendments hereto shall be communicated to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) and registered with the Commercial Registry (Registro Mercantil) pursuant to applicable legal provisions. The current text of these Regulations shall be made available on the Company’s corporate website.

Article 4. Priority and Interpretation
1. These Regulations further develop and supplement applicable legal and by-law provisions, which provisions shall prevail in the event of conflict with the provisions set forth herein, and shall be interpreted in accordance with law and the Corporate Governance System.

2. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall include such amendments, if any, as it deems appropriate.

Article 5. Amendment
1. The Board of Directors may, by resolution adopted by at least a two-thirds majority of the directors present at the meeting in person or by proxy, amend these Regulations on its own initiative, or on the initiative of its chairman,
of one-third of the directors or of the Sustainable Development Committee, with the proposed amendment to be accompanied by a description of the reasons for and the scope of the amendment sought.

2. The proposed amendments shall be accompanied by a report of the Sustainable Development Committee, unless the initiative comes from the committee itself or from the Board of Directors.

3. Before holding the meeting of the Board of Directors called to decide upon the aforementioned proposed amendment, the entire text thereof, the report with the rationale therefor and the report of the Sustainable Development Committee, if appropriate, shall be made available to the directors.

4. The Board of Directors shall inform the shareholders of any amendment to the Regulations approved thereby at the next General Shareholders’ Meeting.

TITLE I. PRINCIPLES OF CONDUCT

Article 6. Main Principles of Conduct
The fundamental guidelines for the conduct of the Board of Directors, in addition to strict observance of applicable law, are compliance with the Corporate Governance System, effective engagement of the shareholders and other Stakeholders, satisfaction of the corporate interest, commitment to the social dividend and the conformance of its work and that of all of its members to the Company’s Code of Ethics.

Article 7. Corporate Governance System
1. The Board of Directors shall at all times comply with the provisions of the Corporate Governance System, without prejudice to the powers that it vests therein to further develop, apply and integrate the rules of which it consists, in order to at all times ensure the achievement of its purposes, and particularly the corporate interest.

2. For purposes of maintaining the proper unity and coherence of the Corporate Governance System, the Board of Directors may, on its own initiative, approve reforms that simultaneously affect several documents of the Corporate Governance System where the approval thereof is within the purview of the Board of Directors, in which case there shall be no need for a prior proposal or report from any other body.

3. The Board of Directors shall always act in accordance with the provisions of the Purpose and Values of the Iberdrola group, which reflect its raison d’être and the key values that inspire and guide the strategy of the Group and all of its actions.

Article 8. Corporate Interest
1. The Board of Directors shall carry out its duties with unity of purpose and independent judgement, always in pursuit of the Company’s corporate interest, which is understood as the common interest of all shareholders of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality, in accordance with the Purpose and Values of the Iberdrola group.

2. The Board of Directors shall endeavour to ensure that the chairman of the Board of Directors, as well as the Executive Committee and the chief executive officer, pursue the corporate interest.

Article 9. Shareholders and Stakeholders
The Board of Directors shall endeavour to ensure the effective engagement of the shareholders and other Stakeholders in the business, corporate and institutional enterprise of the Company, affording equal treatment to all shareholders in the same situation.

Article 10.- Social Dividend
The Board of Directors and its delegated bodies shall perform their duties while endeavouring to ensure that the social dividend, which is conceived, consistently with the Purpose and Values of the Iberdrola group and the Code of Ethics, as the direct, indirect or induced contribution of value of the Company’s activities for all Stakeholders, particularly by contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.
**Article 11. Ethical Requirements**

1. The Company aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System but also to ethical principles and generally accepted principles of social responsibility. The Board of Directors has the authority for such purpose to approve a *Code of Ethics* that reflects this commitment, applicable to the directors, professionals and suppliers of the companies of Group.

2. The Board of Directors shall adopt the measures necessary to ensure that the directors, professionals and suppliers of the companies of the Group comply with the provisions of the *Code of Ethics*.

**TITLE II. STRUCTURE AND POWERS**

**Article 12. Structure**

Management of the Company is vested in a Board of Directors, its chairman, an executive committee called the Executive Committee (*Comisión Ejecutiva Delegada*) and, if so resolved by the Board of Directors, a chief executive officer (*consejero delegado*).

**Article 13. Powers of the Board of Directors**

1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the *By-Laws* to the shareholders acting at a General Shareholders’ Meeting.

2. The Board of Directors has the broadest powers and authority to manage and represent the Company.

3. Notwithstanding the foregoing, pursuant to the Corporate Governance System, the Board of Directors shall focus its activity on approving the strategic goals of the Group, on defining its organisational model and on supervising compliance therewith and further development thereof. The Board of Directors may rely on the Executive Committee to perform this supervisory duty.

Without prejudice to the non-delegable powers provided for by law and the Corporate Governance System, the Board of Directors shall generally entrust the duties of organisation and strategic coordination of the Group to the chairman of the Board of Directors, to the chief executive officer and to the management team, who shall disseminate, implement and supervise the general strategy and basic guidelines established by the Board of Directors.

4. The Board of Directors shall supervise the activities of the chairman of the Board of Directors, of the chief executive officer and of the Executive Committee, and shall guarantee the effectiveness of the checks and balances system provided for by law and the Corporate Governance System.

5. The main function of the Company is to act as the parent company of the Group. In this regard, the Board of Directors shall decide on the creation of country subholding companies in the countries it considers appropriate. Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to one or more countries and/or businesses, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses. Also, to centralise the provision of services common to their subsidiaries, in accordance with the provisions of applicable law and especially the legal provisions regarding the separation of regulated activities.

6. The Board of Directors shall design, evaluate and review the Corporate Governance System on an ongoing basis. In particular, it shall approve the *Purpose and Values of the Iberdrola group* and shall attend to the approval and update of the corporate policies, which shall further develop the principles reflected in the *By-Laws* and other elements of the Corporate Governance System and codify the guidelines that should govern the activities of the Company and of the companies within the Group, as well as its directors, management personnel and other professionals. The corporate policies shall group together those relating to corporate governance and regulatory compliance, risks and sustainable development.

7. The Board of Directors, within its powers regarding approval of the strategic goals of the Group and the definition of its organisational model, shall occupy itself with the following matters, among others:

   a. Establish, within legal limits, the policies and strategies of the Group and the basic guidelines for the management thereof, entrusting to the management decision-making bodies and to the management of the head of business companies of the Group the duties of day-to-day administration and effective management of each business.
b. Supervise, with the support of the Executive Committee, the chairman of the Board of Directors, the chief executive officer and the management team, as well as the country subholding companies within their respective countries, the general development of such policies, strategies and guidelines by the head of business companies of the Group, establishing appropriate mechanisms for the exchange of information in the interest of the Company and of the companies included within the Group.

c. Agree with each of the listed country subholding companies of the Group on their respective special framework of strengthened autonomy and ensure compliance therewith.

d. Decide on matters of strategic importance at the Group level.

8. In particular, the Board of Directors, acting upon its own initiative or at the proposal of the corresponding internal decision-making body, shall occupy itself with the matters set forth below (as an example only):

A. With respect to the engagement of the shareholders in corporate life and with the General Shareholders’ Meeting:

   a. Lead the strategy of engaging the shareholders in corporate life and establishing a policy that actively promotes it.

   b. Call the General Shareholders’ Meeting, set the agenda of the call to meeting, formulate the corresponding proposed resolutions regarding each of the items on said agenda and approve the rules for implementation of the provisions of the Corporate Governance System relating to the holding thereof.

   c. Propose the amendment of the By-Laws and the Regulations for the General Shareholders’ Meeting to the shareholders at a General Shareholders’ Meeting.

   d. Submit to a decision by the shareholders at a General Shareholders’ Meeting the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities.

   e. Submit to a decision by the shareholders at a General Shareholders’ Meeting transactions for the acquisition or disposition of essential operating assets.

   f. Submit to a decision by the shareholders at a General Shareholders’ Meeting transactions having an effect equivalent to the liquidation of the Company.

   g. Carry out the resolutions approved by the shareholders at a General Shareholders’ Meeting and perform any duties that the shareholders have entrusted thereto.

   h. Approve a policy for the payment of bonuses for attending the General Shareholders’ Meeting.

   i. Generally, submit to the shareholders at a General Shareholders’ Meeting all those matters within its purview under applicable law.

B. With respect to the policies and strategies of the Company and of the Group and the corporate and governance structure thereof:

   a. Approve the Purpose and Values of the Iberdrola group.

   b. Establish the general policies and strategies of the Company and of the Group.

   c. Approve the strategic or business plan, as well as the management goals and annual budgets, the investment and financing policy, the corporate responsibility policy and the shareholder remuneration policy.

   d. Define the corporate and governance structure of the Group.

   e. Establish the policy for the control and management of risks, including tax risks, and the supervision of the internal information and control systems.

   f. Determine the Company’s tax strategy and approve investments or transactions with particular tax risks due to the elevated amount or special characteristics thereof.

   g. Establish the shareholders remuneration policy and propose to the shareholders acting at a General Shareholders’ Meeting the decisions it deems most appropriate regarding the application of results and the distribution of dividends, as well as approve the payment of interim dividends. The Board of Directors may also propose other modes of shareholder remuneration.

   h. Establish the policy regarding own shares.
i. Oversee that the country subholding companies comply with the legal provisions on regulated activities within their respective jurisdictions.

j. Take note of mergers, split-offs, concentrations or overall assignments of assets and liabilities affecting any of the country subholding companies or head of business companies of the Group.

k. Approve the creation or acquisition of equity interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, might diminish the transparency of the Group.

l. Upon a proposal of the Audit and Risk Supervision Committee, approve the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group, as well as the Basic Internal Audit Regulations.

C. With respect to the organisation of the Board of Directors and the delegation of powers and the granting of powers of representation:

a. Approve and amend these Regulations.

b. Define the structure of general powers to be granted by the Board of Directors or by the delegated management decision-making bodies and the general rules governing the powers-of-attorney granted by the companies of the Group.

c. Supervise the effective operation of the committees it has created and the activities of the delegated decision-making bodies and of the members of senior management that it has appointed.

d. Under the coordination of the Appointments Committee, perform an annual evaluation of its operation and of its committees, and based on the results thereof design an action plan that corrects any detected deficiencies.

D. With respect to the information to be provided by the Company:

a. Manage the provision of information regarding the Company to the shareholders and the markets in general, pursuant to standards of equal treatment, transparency and truthfulness.

b. Prepare the annual accounts, the management report and the proposed allocation of the Company’s results, as well as the consolidated annual accounts and management report.

c. Approve the financial information that the Company must periodically make public due to its status as listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial position and the results of the Company in accordance with the provisions of law.

d. Prepare the statement of non-financial information and appoint the independent assurance provider responsible for assurance of the information included therein.

e. Approve the Annual Corporate Governance Report, the integrated report, the Annual Director Remuneration Report and any other report that the Board of Directors deems advisable in order to better inform shareholders and investors or that is required by law.

E. With respect to the directors and members of senior management:

a. Designate directors to fill vacancies by interim appointment (co-option) and propose to the shareholders at a General Shareholders’ Meeting the appointment, ratification, re-election or removal of directors.

b. Designate and renew internal positions within the Board of Directors and the members of and positions on the committees established within the Board of Directors.

c. Propose to the shareholders at the General Shareholders’ Meeting the approval of the director remuneration policy upon the terms established by law and the Corporate Governance System, and make decisions regarding the remuneration thereof within the framework of the By-Laws and the provisions of said policy.

d. Appoint the directors that are to perform executive duties and remove them, setting the remuneration to which they are entitled by reason of their executive duties and the other terms of their contracts, conforming to the director remuneration policy approved by the shareholders at the General Shareholders’ Meeting.

e. Approve the plan for succession and temporary replacement of the chairman of the Board of Directors.

f. Approve, upon a proposal of the chief executive of the Company, the determination and modification of the Company’s organisational chart, the appointment and removal of the members of senior management and other executives required by law, as well as the establishment of the basic terms of their contracts,
including their remuneration and the compensation or severance payments in the event of removal.

As an exception to the foregoing, following a report from the Appointments Committee, the Audit and Risk Supervision Committee shall, if applicable, submit to the Board of Directors a proposal supported by the corresponding report regarding the selection, appointment or removal of the director of the Internal Audit Area.

Members of senior management shall be all those members of management who report directly to the Board of Directors, to the chairman thereof or to the chief executive officer of the Company, as well as any other member of management that the Board of Directors acknowledges as such upon a proposal of the chairman thereof or the chief executive officer, and in any event the director of the Internal Audit Area.

g. Decide on the authorisation or release from obligations arising from the duty of loyalty established by law (unless the decision regarding the authorisation or release legally corresponds to the shareholders acting at a General Shareholders’ Meeting).

F. Other powers:

a. Decide on the approval of transactions that the Company or companies of its Group engage in with directors or shareholders holding a significant interest or that are represented on the Board of Directors, as well as with persons related thereto, upon the terms established by law and the Corporate Governance System.

b. Declare its position regarding all takeover bids for securities issued by the Company.

c. Decide on proposals submitted thereto by the Executive Committee, the chairman of the Board of Directors, the chief executive officer, the lead independent director and the committees of the Board of Directors.

d. Make decisions regarding any other matter within its purview that the Board of Directors believes to be in the interest of the Company or that these Regulations reserve to the Board as a whole. Those powers reserved by law or the Corporate Governance System for direct exercise by the Board of Directors may not be delegated.

9. Notwithstanding the foregoing, when there are urgent and duly justified circumstances, and the law so permits, the Executive Committee or the chief executive officer may make decisions regarding those matters referred to in the preceding sections, which must be ratified at the first meeting of the Board of Directors held after the making thereof.

10. In connection with such matters included in this article as may be appropriate, the Board of Directors shall act in coordination with the management decision-making bodies of the other companies forming part of the Group, acting in the common interest of all of them.

TITLE III. COMPOSITION

Article 14. Number of Directors

1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified at a General Shareholders’ Meeting, in accordance with law and the Corporate Governance System.

2. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders’ Meeting, for which the shareholders may establish such number either by express resolution or through the filling or non-filling of vacancies or the appointment of new directors.

3. The Board of Directors must submit a proposal to the shareholders at a General Shareholders’ Meeting, setting forth the number of directors best suited to ensuring the efficient operation thereof and proper degree of representation of the Board, and to reflecting an appropriate balance of experience and expertise, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters dealt with.

4. The Board of Directors shall take into account the circumstances of the Company and generally accepted good governance recommendations for purposes of the preceding section.

5. The foregoing shall be deemed to be without prejudice to the system of proportional representation to which the shareholders are entitled under the provisions of law.
Article 15. Classes of Directors

1. Those directors who perform management duties within the Company or its Group, whatever the legal relationship they maintain, shall be deemed executive directors.

2. All other directors of the Company, whether proprietary, independent or other external, shall be deemed non-executive directors:
   a. Proprietary directors (consejeros dominicales): those directors who own a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount, as well as those representing the shareholders described above. However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.
   b. Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company or its Group, its significant shareholders, its management personnel or with the other directors. Neither those directors who have been directors for a continuous period of more than twelve years, nor those who are in any of the other situations established for these purposes by law, may be deemed independent directors.
   c. Other external directors: those directors who are not executive directors and also do not fit the description of a proprietary or independent director.

3. Proprietary directors who cease to have such status as a result of the shareholder which proposed their appointment selling its interest may only be re-elected as independent directors when such shareholder has sold all of its shares of the Company and they meet the other requirements for classification as such.

4. A director who has a shareholding interest in the Company may have the status of independent director provided that the director satisfies all of the conditions established by law and, in addition, the interest held thereby is not significant in accordance with applicable legal provisions.

5. The Board of Directors shall endeavour to ensure that the number of executive directors is the minimum necessary, taking into account the complexity of the Group and the percentage interest held by executive directors in the share capital of the Company, and that a majority of the members of the Board of Directors are independent directors. The relation between the number of proprietary directors and the number of independent directors shall reflect, as far as possible, the ratio of the Company’s voting share capital represented by proprietary directors to the rest of the share capital.

6. A rationale for the status of each director shall be given by the Board of Directors at the General Shareholders’ Meeting at which the appointment thereof must be made or ratified, and shall be maintained or, if applicable, modified annually in the Annual Corporate Governance Report after verification by the Appointments Committee.

7. The preceding instructions are mandatory for the Board of Directors, which shall follow them in the exercise of its powers to propose appointments or re-elections at a General Shareholders’ Meeting and to make interim appointments of directors to fill vacancies (co-option), and when legally possible merely constitute guidance for the shareholders at the General Shareholders’ Meeting.

TITLE IV. APPOINTMENT AND CESSATION OF OFFICE OF DIRECTORS

Article 16. Selection of Candidates

1. The Board of Directors and the Appointments Committee, within the scope of their powers, shall endeavour to ensure that the candidates proposed to the shareholders at a General Shareholders’ Meeting for appointment or re-election as directors, as well as the directors appointed directly to fill vacancies in the exercise of the power of the Board of Directors to make interim appointments (co-option), are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties.

2. The selection of candidates shall endeavour to ensure that an appropriate balance is achieved within the Board of Directors as a whole that enriches decision-making and the contribution of multiple viewpoints to the discussion of the matters within its purview.

3. By way of guidance only, it shall also consider the appropriateness of the directors generally not exceeding the age of seventy years.
4. The Board of Directors shall endeavour to ensure that the procedures for selecting candidates favour diversity of
gender, experience and knowledge, and are free from any implied bias entailing any kind of discrimination and,
in particular, that they favour the selection of female directors.

5. The Board of Directors shall approve a Board of Directors Diversity and Member Selection Policy that specifically
develops the principles set forth in the preceding sections. Any director may suggest candidates to the Appointments
Committee, which may take them into account if they meet the requirements set forth in these Regulations and in the Board of Directors Diversity and Member Selection Policy.

6. In the case of a corporate director, the person representing it in the exercise of the duties of the position shall be
subject to the same requirements and disqualifications applicable to individual directors. The duties established
for directors in the Corporate Governance System shall also be applicable thereto and required thereof.

Article 17. Appointment

1. The directors shall be appointed by the shareholders acting at a General Shareholders’ Meeting pursuant to the
provisions of law and, to the extent applicable, the Corporate Governance System.

2. The proposals for appointment and re-election of directors that the Board of Directors submits to a decision by
the shareholders acting at a General Shareholders’ Meeting, and the decisions made by the Board of Directors
in the exercise of the legally-assigned power to make interim appointments to fill vacancies (co-option), shall be
preceded by a corresponding proposal of the Appointments Committee, in the case of independent directors, or
a report from such committee, in the case of other directors.

3. The Appointments Committee must propose or report in each case on the assignment of the director to one of
the categories contemplated in these Regulations and review it on an annual basis.

The proposals and reports of the Appointments Committee shall expressly assess the candidates’ respectability,
capability, expertise, competence, experience, qualifications, training, availability and commitment to their duties.
For these purposes, the Appointments Committee shall determine the estimated time of dedication for non-exec-
utive directors, in number of hours per year, setting forth such number in the corresponding report or proposal.

4. If the Board of Directors deviates from the proposals and reports of the Appointments Committee, it shall give
reasons for so acting and shall record such reasons in the minutes.

5. At the time of accepting their position, directors must, in addition to their commitment in writing to comply and
cause compliance with the provisions of the Corporate Governance System upon the terms of article 2.3 above,
expressly acknowledge their commitment to the defence of the corporate interest, which must prevail over any
other individual or third-party interest, state whether they have any kind of relationship with shareholders owning
a significant interest in the Company, and report on any other type of conflict of interest.

6. The required support shall be provided in order for new directors to become rapidly and adequately acquainted
with the Company and its Group, such that they can actively perform their duties as such and, if so appointed,
as members of any of the committees of the Board of Directors as from their appointment as such. To this end,
an Orientation Programme shall be made available to them through the directors’ website, and which shall cover
at least the following aspects:

a. Business and organisational model of the Company and its Group: global view of the strategy, the principal
areas of business activity, the most significant risks (both financial and non-financial), the Group’s commitment
to sustainability, the Company’s reporting obligations, and the rules on compliance and internal control.

b. Corporate, governance and ownership structure: operation of the main corporate decision-making bodies,
including the role of the Board of Directors and of each of its committees, their responsibilities and objectives,
and the expected dedication to the performance of the corresponding positions.

c. Corporate Governance System.

7. When circumstances so advise, the Company may establish knowledge refresher programmes for the directors.

Article 18. Disqualifications

The following may not be appointed as directors or as individuals representing a corporate director:

a. Domestic or foreign companies competing with the Company in the energy industry or other industries, or
the directors or members of senior management thereof, or such persons, if any, as are proposed by them
in their capacity as shareholders.
b. Individuals or legal entities serving as directors in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges.

For purposes of the provisions of the preceding paragraph, positions within holding companies are excluded from the calculation. Furthermore, companies belonging to the same group shall be deemed to be a single company.

c. Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.

d. Individuals or legal entities that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.

Article 19. Term of Office

1. The directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders’ Meeting do not resolve to remove them and they do not resign from their position.

2. Directors may be re-elected to one or more terms of four years.

3. Vacancies that occur may, pursuant to law, be filled by the Board of Directors until the next General Shareholders’ Meeting, whereat the shareholders shall confirm the appointments or elect the persons who should replace directors who are not ratified, unless it decides to withdraw the vacant positions.

Article 20. Re-election

1. The proposals for re-election of directors that the Board of Directors resolves to submit to a decision of the shareholders at the General Shareholders’ Meeting shall be subject to a procedure, which shall include a proposal (in the case of independent directors) or a report (in the case of the other directors) from the Appointments Committee, containing an analysis of the quality of the work performed and the dedication to the position shown by the proposed directors during the preceding term of office as well as an express evaluation of the respectability, capability, expertise, competence, availability and commitment to their duties.

2. Directors sitting on the Appointments Committee shall be evaluated by the committee itself, which shall use the internal and external means it deems appropriate for such purpose, and shall leave the meeting during the debate and voting of resolutions that may affect them.

3. The chairman, the vice-chairs and, if they are directors, the secretary and the deputy secretaries of the Board of Directors, who are re-elected as members of the Board of Directors by the shareholders acting at a General Shareholders’ Meeting, shall continue to perform the duties they previously carried out within the Board of Directors, without the need for a new appointment. The foregoing is deemed to be without prejudice to the power of revocation belonging to the Board of Directors.

4. The re-election of the director holding the position of lead independent director shall not entail a continuation in the holding of such position, without prejudice to the Board of Directors being able to re-elect the director as such upon a proposal of the Appointments Committee.

Article 21. Resignation, Removal and Cessation of Office

1. Directors shall cease to hold office upon the expiration of the term of office for which they have been appointed or when it is so resolved by the shareholders at a General Shareholders’ Meeting.

2. Directors who cease to hold office due to resignation or other reasons prior to the end of the period for which they were appointed shall sufficiently explain the reasons for their cessation or, in the case of non-executive directors, their opinion regarding the reasons for removal by the shareholders acting at a General Shareholders’ Meeting, in a letter sent to all of the members of the Board of Directors. All of the foregoing shall be reported in the Annual Corporate Governance Report. Furthermore, to the extent relevant to investors, the Company shall publish the cessation in office as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.
3. Directors must submit their resignation to the Board of Directors in the following cases:

   a. When, due to supervening circumstances, they are involved in any circumstance of disqualification or prohibition provided by law or the Corporate Governance System.

   b. When, as a result of any acts or conduct attributable to the director, serious damage is caused to the value or reputation of the Company or there is a risk of criminal liability for the Company or any of the companies of the Group.

   c. When there are situations that affect them, whether or not related to their conduct within the Company itself, that might harm the good standing or reputation thereof.

   d. When they cease to deserve the respectability or to have the capability, expertise, competence, availability or commitment to their duties required to be a director of the Company.

      In particular, when the activities performed by the director, or the companies that the director directly or indirectly controls, or the individual or corporate shareholders or those related to any of them, or the individual representing a corporate director, might compromise the suitability thereof.

   e. When they are seriously reprimanded by the Board of Directors because they have breached any of their duties as directors, by resolution adopted by a two-thirds majority of the directors.

   f. When remaining on the Board of Directors might jeopardise the loyal and diligent exercise of their duties in accordance with the corporate interest for any reason, whether directly, indirectly or through persons related thereto.

   g. When the reasons why the director was appointed cease to exist and, in particular, in the case of proprietary directors, when the shareholder or shareholders who proposed, requested or decided the appointment thereof totally or partially sell or transfer their equity interest, with the result that such equity interest ceases to be significant or sufficient to justify the appointment.

   h. When an independent director unexpectedly falls under supervening circumstances that prevent the director from being considered as such pursuant to the provisions of law.

4. In any of the instances set forth in section 3 above, the Board of Directors shall request the director to resign from such position and, if applicable, shall propose the director’s removal from office to the shareholders at the General Shareholders’ Meeting.

5. By way of exception, the resignation provisions set forth in letters f) and g) above shall not apply when, after a report from the Appointments Committee, the Board of Directors believes that there are reasons that justify the director’s continuance in office. The foregoing shall be deemed without prejudice to the effect that the new supervening circumstances may have on the classification of the director.

6. In the event that an individual representing a corporate director falls under any of the circumstances set forth in section 3 above, such individual shall be disqualified from acting as a representative thereof.

7. The Board of Directors may propose the removal of an independent director before the passage of the period provided for in the By-Laws only upon sufficient grounds, evaluated by the Board of Directors after a report from the Appointments Committee. For such purposes, it shall be deemed that there are sufficient grounds in the event of a breach of the duties inherent in the position of director or when such director has subsequently become subject to any of the prohibitions set forth in section 3 of this article. Such removal may also be proposed as a consequence of public takeover bids, mergers or other similar corporate transactions resulting in a significant change in the shareholding structure of the Company.

**Article 22. Duty to Abstain**

The directors affected by proposals for appointment, re-election, removal from office, admonishment or the approval of a contract with the Company governing their remuneration and their other rights and duties in the case of executive directors, shall leave the meeting during the debate and voting on the respective resolutions.
TITLE V. POSITIONS AND COMMITTEES

Chapter I. Positions

Article 23. Chairman of the Board of Directors

1. The chairman of the Board of Directors shall be appointed from among the directors after a report from the Appointments Committee, and shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers.

2. The chairman of the Board of Directors shall be responsible for carrying out the resolutions thereof and of the other collective decision-making bodies that he presides over, being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest pursuant to law and the Corporate Governance System.

3. The chairman of the Board of Directors undertakes the senior management and representation of the Company and the leadership of the Board of Directors. He exercises the following powers in addition to the powers conferred by law and the Corporate Governance System:
   a. To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.
   b. To stimulate and organise the debate and active participation of the directors during meetings, safeguarding their freedom to take positions and express their opinion.
   c. To ensure, with the collaboration of the secretary, that the directors receive in advance information sufficient to deliberate on the items on the agenda.
   d. To chair the General Shareholders’ Meeting and direct the discussion and debate therein.
   e. To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other corporate decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair or vice-chairs, chief executive officer and secretary and, if applicable, deputy secretary or deputy secretaries of the Board of Directors and of the committees of the Board of Directors.
   f. With the support of the Secretary of the Board of Directors, to provide to new directors with an Orientation Programme and the information needed to perform their duties, as well as to promote access by all directors to training materials and sessions that allow them to continuously refresh their knowledge.
   g. To promote the work of the consultative committees of the Board of Directors and ensure that they carry out their duties and responsibilities efficiently and with due coordination, having an appropriate organisation for such purposes.
   h. When they so deem appropriate, based on the results of the annual evaluation coordinated by the Appointments Committee, individually discuss with all or some of the directors the results of their personal evaluation, and any measures to be adopted to improve the performance thereof.

4. The Board of Directors may appoint one or more honorary chairmen of the Company.

Article 24. Vice-Chair or Vice-Chairs of the Board of Directors

1. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors, with all of the powers and duties thereof and in the order set forth in this article, in the event of non-occasional and unexpected vacancy, absence, illness or incapacity.

2. If there is more than one vice-chair, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman; in default of the foregoing, the vice-chair having the longest length of service in office; and, in case of equal lengths, the oldest.

3. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal lengths, by the oldest.

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Article 25. Chief Executive Officer

1. The Board of Directors may appoint a chief executive officer (consejero delegado) with the favourable vote of at least two-thirds of its members, with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.

2. The chief executive officer shall be appointed upon a proposal of the chairman and after a report from the Appointments Committee. If such position is held by the chairman himself, the proposal shall come from the Appointments Committee.

3. The chief executive officer shall exercise the power to represent the Company in an individual capacity.

4. In the event of the non-occasional and unexpected vacancy, absence, illness or incapacity of the chief executive officer, the duties thereof shall be temporarily assumed by the chairman of the Board of Directors. If both positions are held by the same person or if the latter cannot assume them for any other reason, by the vice-chair or director designated in accordance with the provisions of sections 2 and 3, respectively, of the preceding article, who shall call an urgent meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more chief executive officers.

Article 26. Checks and Balances System: Lead Independent Director

1. The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors, nor the chief executive officer or the Executive Committee, have a decision-making power that is not subject to appropriate checks and balances.

2. The Board of Directors shall adopt the measures necessary to ensure that the chairman of the Board of Directors, the chief executive officer and the Executive Committee are under its effective supervision.

3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the members of the Board of Directors.

4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director (consejero coordinador), who shall be especially empowered, when the lead independent director deems it appropriate, to:
   a. Chair the meetings of the Board of Directors in the absence of the chairman and of the vice-chairs.
   b. Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.
   c. Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.
   d. Coordinate, gather and reflect the concerns of the non-executive directors.
   e. Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.

5. The lead independent director may also maintain contacts with shareholders and proxy advisors when so decided by the Board of Directors or the delegated bodies thereof. In this case, the statements of the lead independent director shall only bind the Company when they are expressly supported by a resolution of the Board of Directors or such bodies.

6. The revocation of any of the foregoing powers shall require a prior report from the Appointments Committee, unless they are powers recognised under the law, in which case they may not be revoked.

Article 27. Secretary, Deputy Secretary or Deputy Secretaries

1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary and, if appropriate, one or more deputy secretaries, who need not be directors. The same procedure shall be followed to decide the removal of the secretary and, if appropriate, each deputy secretary.

2. The deputy secretary or deputy secretaries shall replace the secretary in the event of vacancy, absence, illness or incapacity. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment.
In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.

3. The secretary of the Board of Directors shall coordinate the tasks of the secretaries of the committees of the Board of Directors as to all matters relating to the Corporate Governance System and to regulatory compliance.

4. The secretary of the Board of Directors shall perform the following duties in addition to those assigned thereto by law and the Corporate Governance System:

   a. Maintain and keep custody of the corporate documents, duly record the proceedings of meetings in the minute books and certify the resolutions adopted and decisions made by the collective management decision-making bodies.

   b. Ensure the formal and substantive legality of all activities of the collective management decision-making bodies and the adherence thereof to law and the Corporate Governance System. For such purpose, the secretary of the Board of Directors shall take into account, among others, the orders issued by regulatory authorities, as well as their recommendations, if any.

   c. Advise the Board of Directors regarding the ongoing assessment and update of the Company’s Corporate Governance System and report on new initiatives in the area of corporate governance at the domestic and international level, and endeavour to ensure that the Board of Directors takes into account those good governance recommendations for which non-compliance must be explained in the Annual Corporate Governance Report.

   d. Maintain a dialogue with the National Securities Market Commission, unless the Board of Directors expressly assigns this duty to another person.

   e. Generally act as a channel in relations between the Company and the directors in connection with all matters relating to the operation of the Board of Directors, in compliance with the instructions of the chairman thereof, and without prejudice to the powers of the lead independent director.

   f. Assist the chairman of the Board of Directors so that the directors receive information relevant to the exercise of their duties sufficiently in advance and in the proper format.

   g. Channel all requests from the directors regarding the information on and documentation of those matters that fall within the purview of the Board of Directors.

   h. Decide the information that must be included in the Company’s corporate website in compliance with law and the Corporate Governance System.

   i. Act as secretary of the Executive Committee.

   j. Act as secretary for the General Shareholders’ Meeting.

   k. Under the supervision of the chairman of the Board of Directors, provide the support required by the consultative committees of the Board of Directors so that they may effectively exercise their powers, ensuring that their activities, and particularly their respective meeting schedules and meeting agendas, as well as any appearances, are duly coordinated with those of the Board of Directors and the other committees, receiving and processing communications between the consultative committees and organising and channelling information flows.

   l. Under the supervision of the Board of Directors, ensure that the consultative committees have the internal and external material and human resources that are appropriate and reasonably necessary to carry out its duties and responsibilities, channelling whatever petitions and requests are made for such purpose to the rest of the organisation.

   m. Assist the Compliance Unit in handling investigations that affect a member of the Board of Directors, and specifically in selecting the investigating officer, who shall be a person from outside the Group to guarantee independence.

   n. Inform the Board of Directors or, if applicable, the Executive Committee, of decision-making by the Company as the sole shareholder of its wholly-owned entities in the exercise of the powers of the shareholders at a general meeting, based on certifications of the minutes recording said decisions that are sent by the secretaries of said wholly-owned entities or by their directors in the absence thereof.

5. The secretary must expressly state for the record his opposition to resolutions that are contrary to law, to the Corporate Governance System or to the corporate interest, upon the terms set forth in letter f) of article 41.3.

6. In order to properly perform the duties entrusted thereto, the secretary must have access to the minutes of the meetings of the committees of the Board of Directors for which the secretary is not acting as such.
Article 28. General Secretary and Counsel

1. The Board of Directors, after a report from the Appointments Committee, may appoint a general secretary, who shall contribute to integration and coordination between the Company and the companies forming part of the Group. The secretary of the Board of Directors, or one of the deputy secretaries thereof, if any, may hold the position of general secretary.

2. The Board of Directors, after a report from the Appointments Committee, shall appoint a counsel to the Board of Directors, who shall have the duties given thereto by law.

3. The counsel shall have access to the minutes of the meetings of the Board of Directors and its committees in order to verify that they comply with applicable legal provisions and with the Corporate Governance System.

4. The secretary or one of the deputy secretaries, if any, may perform the duties of counsel to the Board of Directors if they are attorneys-at-law and satisfy the other requirements established by law and it is so decided by the Board of Directors.

5. The general secretary and the counsel must comply with the directors’ obligations established in these Regulations that may apply due to the nature thereof.

Chapter II. Committees of the Board of Directors

Article 29. Committees of the Board of Directors

1. The Board of Directors must create and maintain, as a part thereof and on a permanent basis, an Executive Committee, with the composition and duties described in these Regulations.

2. The Board of Directors must also create an Audit and Risk Supervision Committee, an Appointments Committee, a Remuneration Committee and a Sustainable Development Committee. Such committees shall have the composition and duties described in these Regulations and in the specific regulations thereof approved by the Board of Directors, the regulation of which shall always favour independence in the operation thereof.

3. In addition, the Board of Directors may create other committees or commissions of purely internal scope with such powers as are determined by the Board of Directors. The chair and the other members of such committees and commissions, as well as the secretary thereof, shall be appointed by the Board of Directors.

4. The committees shall be governed by their own rules and regulations, if any, which shall be approved by the Board of Directors, and in the alternative and to the extent not inconsistent with their nature, by the provisions of these Regulations governing the operation of the Board of Directors and, specifically, those governing the call to meetings, granting of a proxy to another member of the committee in question, establishment of a quorum, meetings without prior notice, proceedings at meetings and rules for adopting resolutions, voting in writing and without a meeting, and approval of the minutes of meetings.

5. The resolutions of the committees shall be adopted by absolute majority of its members who are present at the meeting in person or by proxy. In the event of a tie, the chair of the committee shall have the tie-breaking vote.

6. The committees of the Board of Directors shall act with due coordination in the defence of the corporate interest, contributing to the good corporate governance of the Company in accordance with the provisions of the Corporate Governance System. For these purposes, the chair of each committee shall inform the Board of Directors of the matters dealt with and the resolutions adopted during its meetings at the next meeting of the Board of Directors. In addition, within three months following the end of each financial year, each committee shall submit to the Board of Directors for approval a comprehensive report detailing its work during the prior financial year, which shall be included in an Activities Report of the Board of Directors and of the Committees thereof. This document shall be made available to the shareholders upon the terms set forth in the Regulations for the General Shareholders’ Meeting.

7. In order to ensure the due coordination of the activities of the consultative committees, prior to the beginning of each financial year, the secretary of the Board of Directors shall send to the secretaries of such committees an annual plan, including the meeting schedule and planned agendas approved by the Board of Directors, in order for them to then be able to prepare the proposed meeting schedules of their respective committees, which shall include the tentative agenda as well as any appearances they deem necessary.

Based on the information received and the annual plan for meetings of the Board of Directors, the Secretary of the Board of Directors shall validate the proposals received, or make the appropriate comments, and once agreed upon, shall prepare an annual plan for meetings of the corporate decision-making bodies and so inform the secretaries of the committees and keep it continuously updated.
To this end, the secretaries of the committees must notify the Secretary of the Board of Directors, for validation thereby, of any change in the dates, the items to be discussed or the appearances to be requested with respect to the annual meeting plan of the corporate decision-making bodies from time to time in effect.

8. Without prejudice to the provisions of the preceding section, the committees shall meet as many times as their respective chairs deem necessary to exercise the powers entrusted thereto. They shall also meet when so requested by a minimum of two of their members. The chairman of the Board of Directors and the chief executive officer may request informational meetings with any of the committees on an exceptional basis.

9. Any director may be asked to attend meetings of the committees at the request of the respective chair thereof, which request shall be addressed to the chairman of the Board of Directors for such purpose.

10. The committees may also seek, at the Company’s expense, cooperation or advice from outside professionals, who shall address their reports directly to the chair of the relevant committee.

**Article 30. Executive Committee**

1. The Executive Committee shall have all of the powers of the Board of Directors, except for those powers that may not be delegated pursuant to legal or by-law restrictions. However, when there are urgent and duly justified circumstances, and the law so permits, the Executive Committee may make those decisions they deem appropriate for the corporate interest, which must be ratified at the first meeting of the Board of Directors held after the making thereof.

2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight directors, of which at least two shall be non-executive, at least one of which must be an independent director.

3. The appointment of the members of the Executive Committee and the permanent delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors.

4. The chairman of the Board of Directors and the chief executive officer shall form part of the Executive Committee.

5. Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who is a member of the Executive Committee, and if none, by a director who is a member of the Executive Committee, in both cases pursuant to the order set forth in article 24.2 above.

6. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance, shall serve as secretary.

7. A director who is appointed as a member of the Executive Committee shall serve for the unexpired portion of such director’s term of office, without prejudice to the Board of Directors’ power of revocation. In the event that a member of the Executive Committee is re-elected as director, such member shall only continue to serve as a member of the Executive Committee if expressly re-elected as such by resolution of the Board of Directors.

8. The directors shall receive a copy of the minutes of the meetings of the Executive Committee.

**Article 31. Audit and Risk Supervision Committee**

1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.

2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent, and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, audit and risk management.

   Without prejudice to the foregoing, the Board of Directors and the Appointments Committee shall endeavour to ensure that the members of the Audit and Risk Supervision Committee as a whole, and especially the chair thereof, have the expertise, qualifications and experience appropriate for the duties they are called upon to perform in the area of accounting, auditing and management of risks, both financial and non-financial, and that at least one of them has experience in information technology. They shall also endeavour to ensure that as a whole the
members of the Audit and Risk Supervision Committee have relevant technical knowledge in the finance and internal control area, as well as in relation to the energy sector.

3. The Board of Directors shall appoint the chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director and who, in any event, must comply with the directors’ obligations established in these Regulations that may apply due to the nature thereof.

4. Members of the Audit and Risk Supervision Committee shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

5. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.

6. The Audit and Risk Supervision Committee shall have the powers set forth in law, in its own regulations, and in any event the following:
   a. Conduct a periodic review of the risk policies on at least an annual basis and, if it so deems appropriate, propose the amendment and update thereof to the Board of Directors.
   b. Approve the policy regarding the selection, contracting and relations with the statutory auditor.
   c. Ensure that the annual accounts that the Board of Directors submits to the shareholders at the General Shareholders’ Meeting are prepared in accordance with accounting standards, reporting thereto on the issues raised therein by the shareholders that are within the purview of the Audit and Risk Supervision Committee, and particularly with respect to the results of the audit of the annual accounts, explaining how it has contributed to the integrity of the financial information, and the role that it has played in such process, and if the auditor has included any qualification in the report, the opinion of the Audit and Risk Supervision Committee regarding the content and scope thereof.
   d. Monitor the effectiveness of internal control at the Company and within its Group, as well as of their system for managing risks.
   e. Together with the statutory auditors, analyse significant weaknesses in the internal control system detected during the audit, all without infringing upon the independence thereof. To this end, if appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding follow-up period.
   f. Supervise the process of preparing and presenting mandatory financial information and submit recommendations or proposals to the Board of Directors to protect the integrity of this information.
   g. Propose to the Board of Directors, for submission to the shareholders at the General Shareholders’ Meeting, its recommendation and preference for the appointment of a new statutory auditor, pursuant to the provisions of law and the Statutory Auditor Contracting and Relations Policy. The proposal of the Board of Directors to the shareholders at the General Shareholders’ Meeting must include the recommendation and preference of the Audit and Risk Supervision Committee as provided by law.
   h. Propose to the Board of Directors for submission to the shareholders at a General Shareholders’ Meeting the re-election of the statutory auditors, as well as the terms for the hiring thereof, in accordance with applicable legal provisions, and regularly receive therefrom information regarding the audit plan and the implementation thereof, in addition to preserving the independence thereof in the performance of their duties.
   i. In relation to the statement of non-financial information: (i) supervise the process of preparing and presenting the non-financial information regarding the Company and its Group; (ii) propose to the Board of Directors the appointment of the independent assurance provider responsible for assurance of the information included therein; and (iii) report to the Sustainable Development Committee on the process of preparing and presenting the statement of non-financial information as well as on the clarity thereof and on the integrity of the content thereof. Said report shall be issued prior to the report that must be issued by the Sustainable Development Committee regarding the aforementioned statement of non-financial information and the preparation thereof by the Board of Directors.
   j. Supervise the activities of the Internal Audit Area, which shall be functionally controlled by the Audit and Risk Supervision Committee.
   k. Authorise in advance the services other than those prohibited by legal provisions governing audit activities that the Company’s audit firm or the persons or entities connected thereto will provide to companies of the Group, all as provided by law and the Statutory Auditor Contracting and Relations Policy.
l. Establish appropriate relationships with the statutory auditors to receive information regarding matters that might entail a threat to the independence thereof, for examination by the Audit and Risk Supervision Committee, and any other information related to the development of the audit procedure, as well as such other communications as are provided for in the laws on auditing of accounts and in other legal provisions on auditing.

In any event, it must receive written confirmation from the statutory auditors on an annual basis of their independence in relation to the Company or entities directly or indirectly related thereto, as well as a detailed breakdown of information on additional services of any kind provided to and the corresponding fees received from such entities by such statutory auditors or persons or entities related thereto, pursuant to the legal provisions governing the auditing of accounts.

m. On an annual basis, prior to the audit report, issue a report containing an opinion on whether the independence of the statutory auditors is compromised, which shall be made available to the shareholders upon the terms set forth in the Regulations for the General Shareholders’ Meeting. This report shall contain a reasoned assessment of the provision of each and every one of the additional services other than the legal audit referred to in the preceding letter, considered individually and as a whole, and in relation to the rules on independence or the legal provisions regarding the auditing of accounts.

n. Report in advance to the Board of Directors regarding the financial information that the Company must disclose on a regular basis because of its status as a listed company; the committee shall make sure that the interim financial statements are prepared in accordance with the same accounting standards as the annual accounts and, for such purpose, it shall consider the appropriateness of a limited review by the statutory auditor.

o. Report to the Board of Directors, prior to the Board’s decision thereon, regarding the creation or acquisition of interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions or operations of a similar nature that, due to the complexity thereof, might diminish the transparency of the Group, unless such transactions are carried out by listed country subholding companies of the Group or by subsidiaries thereof, in which case the audit and compliance or similar body of such listed country subholding company shall be responsible for issuing the relevant report.

p. Report on the structural modifications and corporate transactions to be undertaken by the Company, analysing the economic terms and conditions thereof, including if appropriate the exchange ratio as well as the accounting impact thereof.

q. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

7. The chair of the Committee may request, through the secretary of the Board of Directors and without prejudice to the provisions of the Regulations of the Audit and Risk Supervision Committee, the attendance of any director, member of management or professional of the Company and of the Group as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

8. The Audit and Risk Supervision Committee may also request the presence of the statutory auditors at its meetings.

Article 32. Appointments Committee

1. The Board of Directors shall create a permanent Appointments Committee, which shall be an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.

2. The Appointments Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

3. The Board of Directors shall appoint a chair of the Appointments Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director and who, in any event, must comply with the directors’ obligations established in these Regulations that may apply due to the nature thereof.

4. The Board of Directors shall endeavour to ensure that the members of the Appointments Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, particularly...
in the following areas: corporate governance, strategic human resources analysis and evaluation, selection of directors and management personnel, and performance of senior management duties.

5. Members of the Appointments Committee shall be appointed for a maximum term of four years, and may be re-elected on one or more occasions for terms of the same maximum length.

6. The Appointments Committee shall have the powers set forth in law, in its own regulations, and in any event the following:
   a. Report on and review the criteria that should be followed in composing the Board of Directors and in selecting candidates, and particularly the necessary competence, knowledge and experience, and assess the time and dedication required for the proper performance of their work. In the exercise of this power, the Appointments Committee shall take into account, regarding non-external directors, the relation between the number of proprietary directors and the number of independent directors, such that the composition of the Board of Directors reflects, as far as possible, the ratio of the Company’s voting share capital represented by proprietary directors to the rest of the share capital.
   
   b. Evaluate compliance with the Board of Directors Diversity and Member Selection Policy.
   
   c. Ensure that when new vacancies are filled or new directors are appointed, the selection procedures are free from any implied bias entailing any kind of discrimination and, in particular, from any bias that may hinder the selection of female directors.
   
   d. Establish a goal for representation by the less represented gender on the Board of Directors and prepare guidance on how to reach this objective.
   
   e. Bring proposed appointments of independent directors to the Board of Directors for appointment on an interim basis, as well as proposals for the re-election or removal of such directors by the shareholders at the General Shareholders’ Meeting, and report on the proposals for removal of such directors made by the Board of Directors.
   
   f. Report on the proposals for appointment of the other directors for the interim appointment (co-option) thereof to a vacancy or for the submission of such proposals to a decision by the shareholders at the General Shareholders’ Meeting, as well as the proposals for re-election or removal of such directors by the shareholders at the General Shareholders’ Meeting.
   
   g. Report on and make proposals for appointment to internal positions on the Board of Directors and proposals relating to the appointment of the members that must make up each of the committees, verifying and confirming compliance with the requirements of expertise and experience in connection with the powers of the committee in question and, in particular, those of the Audit and Risk Supervision Committee.
   
   h. Establish and supervise an annual programme for continuous evaluation and review of the qualifications and, if applicable, independence of the directors, as well as of ongoing compliance thereby with the requirements of respectability, capability, expertise, competence, availability and commitment to their duties as directors and as members of a given committee, and propose to the Board of Directors such measures as it deems advisable in this regard, with the power to collect any information or documentation that it deems necessary or appropriate for such purposes.
   
   i. Coordinate the evaluation of the operation of the Board of Directors and of the committees thereof, and submit to the full board the results of said evaluation together with a proposed action plan or with recommendations to correct any potential detected deficiencies or to improve the operation of the Board of Directors or the committees thereof.
   
   j. Examine and organise the succession of the chairman of the Board of Directors and of the chief executive of the Company and, if applicable, make proposals to the Board of Directors for such succession to occur in an orderly and well-planned fashion, in accordance with the succession plan approved by the Board of Directors.
   
   k. Supervise the process of selecting candidates for members of senior management of the Company and report on the proposals of the Company’s chief executive regarding the appointment or removal of members of senior management.
   
   l. Report on or prepare the Company’s proposals regarding the appointment or removal of the independent directors of the country subholding companies as well as of the companies within the Group and of those in which it has an interest and whose direct or indirect owner is not a country subholding company, without prejudice to respecting the independence and uniqueness (upon the terms provided by law) of those that are listed companies and have corporate governance rules that assign such powers to their own appointments committee or equivalent body.

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m. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

7. The chair of the committee may request, through the secretary of the Board of Directors, the attendance of any director, member of senior management or professional of the Group as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

Article 33. Remuneration Committee

1. The Board of Directors shall create a permanent Remuneration Committee, which shall be an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.

2. The Remuneration Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

3. The Board of Directors shall appoint a chair of the Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director and who, in any event, must comply with the directors' obligations established in these Regulations that may apply due to the nature thereof.

4. The Board of Directors shall endeavour to ensure that the members of the Remuneration Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, and particularly regarding corporate governance, policy design and remuneration plans for directors and senior management.

5. Members of the Remuneration Committee shall be appointed for a maximum term of four years, and may be re-elected on one or more occasions for terms of the same maximum length.

6. The Remuneration Committee shall have the powers set forth in law, in its own regulations, and in any event the following:

   a. Propose to the Board of Directors the policies on remuneration of the directors and members of senior management and periodically review them, proposing any amendment and update thereof to the Board of Directors.

   b. Propose to the Board of Directors the system and amount of annual director remuneration, as well as the individual remuneration of executive directors and other basic terms of their contracts, including any compensation or indemnification payable in the event of removal, in any event pursuant to the provisions of the Corporate Governance System and the director remuneration policy approved by the shareholders at the General Shareholders' Meeting.

   c. Report on and submit to the Board of Directors the proposals of the Company's chief executive regarding the structure of the remuneration payable to the members of senior management and the basic terms of their contracts.

   d. Report on incentive plans and pension supplements for the Group's workforce, excluding those of the listed country subholding companies and the subsidiaries thereof.

   e. Conduct a periodic review of the general remuneration programmes for the Group's workforce, evaluating the adequacy and results thereof.

   f. Ensure compliance with the remuneration programmes of the Company and report on the documents to be approved by the Board of Directors for general dissemination regarding information on remuneration, including the Annual Director Remuneration Report and the applicable sections of the Company's Annual Corporate Governance Report.

   g. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

7. The chair of the committee may also request, through the secretary of the Board of Directors, the attendance of any director, member of senior management or professional of the Group as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto. The secretary of the Board
of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

Article 34. Sustainable Development Committee

1. The Board of Directors shall create a permanent Sustainable Development Committee, which shall be an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.

2. The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

3. The Board of Directors shall appoint the chair of the Sustainable Development Committee from among the directors forming part thereof, as well as its secretary, who need not be a director and who, in any event, must comply with the directors’ obligations established in these Regulations that may apply due to the nature thereof.

4. The Board of Directors shall endeavour to ensure that the members of the Sustainable Development Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform.

5. Members of the Sustainable Development Committee shall be appointed for a maximum term of four years, and may be re-elected on one or more occasions for terms of the same maximum length.

6. The Sustainable Development Committee shall have the powers set forth in the regulations thereof, and in any event the following:
   a. Conduct a periodic review of the Corporate Governance System, with special emphasis on the corporate governance and compliance policies and the sustainable development policies, and propose to the Board of Directors, for the approval thereof or for submission to the shareholders at a General Shareholders’ Meeting, such amendments and updates as may contribute to the development and ongoing improvement thereof.
   b. Monitor the Company’s corporate governance and sustainable development strategies.
   c. Monitor compliance with legal requirements and with the rules and regulations of the Corporate Governance System.
   d. Supervise the Company’s actions relating to sustainable development, and particularly that its environmental and social practices conform to the strategy and policies approved by the Board of Directors, and report thereon to the Board of Directors and to the Executive Committee, as appropriate.
   e. Determine the general guidelines, standards and principles that should govern the content of the statement of non-financial information, verify that the content thereof conforms to the Company’s sustainable development strategy and report thereon to the Board of Directors, prior to the preparation thereof, taking into account the report prepared by the Audit and Risk Supervision Committee.
   f. Report on the conduct of general interest and corporate social responsibility activities by entities in the nature of foundations related to the Group to which such activities have been entrusted.
   g. Monitor the Company’s actions relating to corporate reputation and report thereon to the Board of Directors and to the Executive Committee, as appropriate.
   h. Report on the Company’s Annual Corporate Governance Report prior to the approval thereof, obtaining for such purpose the reports of the Audit and Risk Supervision Committee, the Appointments Committee and the Remuneration Committee with respect to the sections of such report that are within its powers.
   i. Issue its prior opinion on the annual report on the effectiveness of the Group’s compliance system prepared by the Compliance Unit, and submit it to the Board of Directors.
   j. Report on proposed amendments of the Regulations of the Board of Directors, the Regulations of the Compliance Unit and the Code of Ethics.
   k. Receive information from the Compliance Unit regarding proposed amendments of the Code of Ethics and regarding any significant issue in connection with promoting awareness of and compliance with the Code of Ethics.
   l. Use the Compliance Unit to review the Company’s internal policies and procedures in order to prevent improper conduct and identify policies or procedures that may be more effective in promoting the highest ethical standards.
m. Review and validate the annual operating budget of the Compliance Unit, for submission thereof to the Board of Directors through the chairman of the Board, as well as its annual activity plan, endeavour to ensure that the Compliance Unit has the material and human resources required to discharge its duties.

n. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

7. The chair of the committee may also request, through the secretary of the Board of Directors, the attendance of members of the Foundations Committee of the Iberdrola Group, of any director, member of senior management or professional of the Group, of any member of the management decision-making bodies of the companies forming part of the Group whose appointment has been proposed by the Company, and of any director, member of senior management or professional of entities in the nature of foundations related to the Group, provided there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

TITLE VI. OPERATION

Article 35. Meetings

1. The Board of Directors shall meet with the frequency that the chairman thereof deems appropriate, but at least eight times per year, and must hold at least one meeting each calendar quarter.

2. Prior to the commencement of each financial year, the Board of Directors shall set a schedule for its ordinary meetings. Such schedule may be modified by a resolution adopted by the Board of Directors or upon a decision made by the chairman, who shall report the modification to the directors not less than five days in advance of the date originally set for the meeting or of the new date set in lieu thereof, if earlier.

3. The Board of Directors shall also meet when the chairman resolves to call an extraordinary meeting thereof or when such extraordinary meeting is requested of it by one-fourth of the directors, by a vice-chair or by the lead independent director, if any. In the three last-mentioned cases, the chairman of the Board of Directors shall call the meeting within ten days of receipt of the request.

The call to meetings of the Board of Directors shall be carried out by the secretary of the Board of Directors or whoever acts in the secretary’s stead, with the authorisation of the chairman, by any means allowing for the receipt thereof.

One-third of the directors may also call a meeting, establishing the agenda thereof, in order for the meeting to be held at the place where the registered office is located, if a prior petition has been submitted to the chairman of the Board of Directors and he has failed, without well-founded reasons, to call the meeting within one month.

4. Notice of the call shall be given as much in advance as is necessary, and in any event not later than the third day prior to the date of the meeting, except in the case of emergency meetings, and shall include an agenda unless dispensed with on duly justified grounds.

5. Any information deemed necessary for the proper preparation of and deliberation at the meetings shall be sent or made available through the directors’ website together with the call to meeting.

6. The meetings of the Board of Directors may be cancelled or suspended, or the date, agenda or place thereof changed, using the same procedure.

7. Extraordinary and urgent meetings of the Board of Directors may be called when the chairman of the Board of Directors deems it justified in the circumstances, by any means allowing for receipt of the call to meeting, and the requirements and formalities for the call to meetings mentioned in the preceding sections of this article shall not apply in such case if the circumstances so require in the opinion of the chairman.

8. The chairman of the Board of Directors shall decide on the agenda for the meeting. Any director may submit a request to the chairman of the Board of Directors for the inclusion of matters in the agenda, and the latter shall be required to include them when such request has been made not less than two days in advance of the date set for the meeting. The express consent of a majority of the directors present at the meeting shall be required to submit to the Board of Directors the approval of resolutions not included on the agenda.
9. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with.

10. Voting by the Board of Directors may occur in writing without a meeting provided that no director objects thereto. In this instance, the directors may deliver to the secretary of the Board of Directors, who shall act on behalf of the chairman, their votes and the considerations they wish to appear in the minutes, using the same methods provided for the call to meeting. Resolutions adopted using this procedure shall be recorded in minutes prepared pursuant to the provisions of law.

Article 36. Place of Meetings

1. Meetings of the Board of Directors shall be held in person at the place designated in the call to meeting.

2. If so decided by the chairman of the Board of Directors on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same meeting of the Board of Directors.

3. The Company shall bear the costs of travel to the meeting’s venue of the directors who do not reside in the country in which the meeting will be held and who attend in person.

Article 37. Conduct of Meetings

1. In order for resolutions of the Board of Directors to be valid, at least a majority of the directors must be present at the meetings at which they are adopted, in person or by proxy.

2. The directors must attend the meetings of the Board of Directors and, when unable to attend in person, must give a proxy to another director, together with appropriate instructions. Non-executive directors may only give a proxy to other non-executive directors. They may not grant a proxy in connection with matters in respect of which the director is in any conflict of interest situation. The proxy granted shall be a special proxy for each meeting of the Board of Directors, and may be communicated by any of the means provided for the call of meetings.

3. On an exceptional basis, based on the circumstances in each case, the chairman of the Board of Directors may authorise the attendance at the meeting of one or more directors by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time. Directors connected remotely shall be deemed for all purposes to have attended the meeting of the Board of Directors.

4. When so required by the circumstances, the chairman of the Board of Directors may adopt any measures necessary to ensure the confidentiality of the information, of the deliberations and of the resolutions adopted during the meetings of the Board of Directors.

5. The chairman may invite all those who can help improve the information provided to the directors to attend the meetings of the Board of Directors, while avoiding the attendance thereof during the decision-making portion of the meetings. The chairman may authorise the remote attendance thereof using the communication systems described in section 3 above, if he so deems appropriate. The secretary shall record the entries and exits of guests at each meeting in the minutes.

6. Resolutions shall be adopted by absolute majority of votes cast in person or by proxy, unless other majorities are provided by law or the Corporate Governance System. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.

7. Notwithstanding the foregoing:
   a. The permanent delegation of powers and the appointment of directors to exercise such powers, as well as approval of the contracts the Company signs with the executive directors, shall require the favourable vote of at least two-thirds of the directors.
   b. An amendment of these Regulations shall require the favourable vote of at least two-thirds of the directors represented in person or by proxy at the meeting.
8. If directors or the secretary state their concern regarding a proposal or, in the case of directors, regarding the status of the Company, and such concerns are not resolved at the meeting of the Board of Directors, a description thereof shall be reflected in the minutes at the request of those stating their concerns.

9. The minutes shall be approved by the Board of Directors at the end of the meeting or at the next meeting. In this latter case, any portion of the minutes may be approved at the end of the corresponding meeting, provided that the text to which it refers has been published on the directors’ website prior to the meeting or has been read aloud prior to the adjournment of the meeting.

**TITLE VII. DIRECTOR REMUNERATION**

**Article 38. Director Remuneration**

1. Directors shall have the right to receive the remuneration to which they are entitled pursuant to the resolutions adopted by the Board of Directors in accordance with the provisions of the By-Laws and the director remuneration approved by the shareholders at the General Shareholders’ Meeting, upon the terms provided by law. The Board of Directors shall ensure that the remuneration payable to the directors is commensurate with the remuneration paid at similarly-sized companies carrying on similar business in the market and that it takes into account their dedication to the Company.

In particular, the directors shall be entitled to receive the attendance fee that, according to the office they hold, is determined for their work of preparing, studying and providing information on the matters to be addressed at the meetings of the Board of Directors and its committees.

2. In addition, the Board of Directors shall ensure that the amount of the remuneration of non-executive directors is such that it provides incentives to their dedication while not risking their independence.

The Board of Directors shall approve the contracts governing the remuneration of the executive directors, in accordance with the provisions of law. The contracts shall describe the items for which the directors may obtain remuneration for the performance of executive duties, and shall include any potential severance payment for the early removal from such duties and the amounts to be paid by the Company for insurance premiums or contributions to savings schemes. A director may not receive any remuneration for the performance of executive duties if the amounts or items thereof are not provided for in such contract.

The approved contract must be attached as an annex to the minutes of the meeting.

3. Remuneration that is tied to the results of the Company shall take into account any qualifications contained in the audit report that reduce such results.

4. The Board of Directors shall prepare the Annual Director Remuneration Report on an annual basis upon the terms provided by law, and which shall be made available to the shareholders upon the call to the Annual General Shareholders’ Meeting and shall be submitted to a consultative vote as a separate item on the agenda.

**TITLE VIII. INFORMATION TO DIRECTORS**

**Article 39. Powers of Information and Inspection**

1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company.

2. The exercise of the aforementioned powers shall first be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman.

3. In order to improve their knowledge of the Group, presentations may be made to the directors in connection with the business that it is engaged in. In addition, at each meeting of the Board of Directors, a specific portion of the meeting may be devoted to a presentation on matters that are significant for the Group, including those relating to the Sustainable Development Goals (SDGs) approved by the United Nations and the fight against climate change.

4. The Company shall make available to the directors a specific software application (directors’ website) to facilitate the performance of their duties and the exercise of their powers of information, as well as access to the Orientation Programme and to training materials addressed to the directors.
Such information as is deemed appropriate for preparation of the meetings of the Board of Directors and the committees thereof, in accordance with the agenda included in the calls to meeting, as well as materials relating to director training programmes and the presentations mentioned in the preceding section, shall be posted on the directors’ website. Generally, the communications and forms that the directors must deliver to the Company shall be sent through the directors’ website. Said communications and forms shall have the same effects as if an original signed copy had been sent.

In addition, the directors shall be given access through the directors’ website to the minutes of the meetings of the Board of Directors and the committees thereof, as well as such other information that the Board of Directors resolves to include.

All of the foregoing is deemed to be without prejudice to the measures that may be necessary or appropriate to adopt in order to maintain the confidentiality of the information included in the directors’ website.

**Article 40. Assistance of Experts**

1. In order to be assisted in the performance of the duties entrusted thereto, any director may request the hiring of legal, accounting, technical, financial, commercial or other expert advisers, whose services shall be paid for by the Company.

   The assignment must deal with specific issues of certain significance and complexity arising during the performance of the director’s duties.

2. The request for an expert to be hired shall be channelled through the secretary of the Board of Directors, who may subject it to the prior approval of the Board of Directors; such approval may be denied in well-founded instances, including the following circumstances:

   a. That it is not necessary for the proper performance of the duties entrusted to the directors.

   b. That the cost thereof is not reasonable in light of the significance of the issues and the assets and income of the Company.

   c. That the technical assistance sought may be adequately provided by the Company’s own experts and technical personnel.

   d. That it may entail a risk to the confidentiality of the information that must be made available to the expert.

**TITLE IX. DUTIES OF DIRECTORS**

**Article 41. General Duties**

1. Directors must comply with the duties imposed by law and the Corporate Governance System. In particular, they shall act with the diligence of any ordinary businessman and the loyalty of a faithful representative, taking into account the nature of the position and the duties attributed to each of them, acting in good faith and in protection of the corporate interest.

2. In the area of strategic and business decisions, subject to business discretion, the standard of diligence of an ordinary businessman shall be deemed met if the director has acted in good faith without personal interest in the matter being decided, with sufficient information and pursuant to an appropriate decision-making process.

3. In particular, a director shall be obligated to:

   a. Properly prepare the meetings of the Board of Directors and, if applicable, the meetings of the Executive Committee or of the committees of which the director is a member, for which purposes the director must diligently become apprised of the running of the Company and the matters to be discussed at such meetings.

   b. Attend the meetings of the decision-making bodies and committees of which the director is a member and actively participate in the deliberations in order that the director’s opinion may be an effective contribution to decision-making.

   c. Fulfil any specific obligation that is entrusted to the director by the Board of Directors, by the chairman of the Board of Directors or by the chief executive officer, and that reasonably falls within the director’s scope of dedication.

   d. Inquire into and inform the Board of Directors of any irregularities in the management of the Company of which the director has had notice, and monitor any situation of risk.
e. Propose a call to an extraordinary meeting of the Board of Directors or the inclusion of new matters in the agenda of the next meeting to be held, in order that deliberations may be conducted on such issues as the director deems advisable.

f. Oppose resolutions that are contrary to law, the Corporate Governance System or the corporate interest, and request that such opposition be recorded in the minutes.

In particular, directors must clearly express their opposition if they believe that a proposed resolution submitted to the Board of Directors may be contrary to the corporate interest. In particular, independent directors and other directors not affected by a potential conflict of interest shall state for the record their opposition to resolutions that might cause prejudice to shareholders whose interests are not represented on the Board of Directors.

4. If the Board of Directors makes significant or repeated decisions on matters with respect to which a director has made serious reservations and such director tenders their resignation, the director must explain the reasons for their resignation in the letter referred to in article 21.2 above, without prejudice to compliance with the duties established by law and the Corporate Governance System.

Article 42. Duty of Confidentiality

1. A director shall keep confidential the information, the deliberations and the resolutions of the Board of Directors, of the Executive Committee and of the committees of which the director is a member and, in general, shall endeavour to ensure the confidentiality thereof, shall not disclose any information, data, reports or background information to which the director may have had access while in office, and shall not use any of the foregoing for the director’s own benefit, for the benefit of the shareholder, if any, that has proposed or made the director’s appointment, or for the benefit of any other third party, without prejudice to the duties of transparency and information imposed by applicable law.

2. The obligation established in the preceding section shall not prevent the director from communicating confidential information to third parties in the performance of the duties entrusted to the director as such or the exercise of powers expressly delegated thereto by the Board of Directors or by the relevant committee, provided the duty of confidentiality of the recipient of the information is appropriately guaranteed, under the responsibility of the director, on the terms set forth by law.

3. A director’s duty of confidentiality shall survive even after the director no longer holds such position.

Article 43. Duty Not to Compete

1. A director may not be a director or hold management positions or provide services to another company or entity whose object is similar, in whole or in part, to the object of the Company or which is a competitor thereof or of any companies within the Group.

2. Excepted from the foregoing restriction are the duties that may be performed and the offices that may be held in companies belonging to the Group, in companies in which the director acts as a representative of the interests of the Group, and in companies in which any of the companies belonging to the Group has an interest and in which the director does not act as a representative of the interests of the Group, unless the Board of Directors, following a report from the Appointments Committee, believes that the Company’s interests are jeopardised.

3. The waiver of the duty not to compete may only be approved if no harm to the Company can be expected or if the harm expected is offset by the benefits expected to be obtained from the waiver. It shall be given, in those cases when so required by law, by the shareholders at the General Shareholders’ Meeting by means of an express resolution in a separate item of the agenda. In other instances, the waiver may be given by the Board of Directors, after a report from the Appointments Committee.

4. A director who ends the term of office to which the director was appointed or who, for any other reason, ceases to act as such, may not be a director or officer of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years. The Board of Directors may, if it deems it appropriate, relieve the outgoing director from this restriction or reduce it to a shorter period.

Article 44. Conflicts of Interest

1. Directors must adopt the measures necessary to avoid entering into conflict of interest situations pursuant to the provisions of law.
2. A conflict of interest shall be deemed to exist in those situations provided by law, particularly when the interests of the director, either for their own or another’s account, directly or indirectly conflict with the interest of the Company or of companies within the Group and their duties to the Company.

An interest of a director shall exist when a matter affects the director or a person related thereto or, in the case of a proprietary director, when it also affects the shareholder or shareholders that proposed or caused the appointment thereof or persons directly or indirectly related thereto.

3. For purposes of these Regulations, the following shall be deemed persons related to the director:
   a. The director’s spouse or person related to the director by a like relationship of affection.
   b. The ascendants, descendants and siblings of the director or of the director’s spouse (or of a person with a like relationship of affection).
   c. The spouses of the director’s ascendants, descendants and siblings.
   d. The companies or entities in which the director or the director’s related persons, acting personally or through a third party, fall within any of the instances of control established by law.
   e. The companies or entities in which the director or any of the director’s related persons, acting personally or through a third party, hold a management position or from which they receive remuneration for any reason, provided that they also directly or indirectly exercise a significant influence on the financial and operating decisions of such companies or entities.

4. In the case of a corporate director, the following shall be deemed to be related persons:
   a. The shareholders who, in respect of the corporate director, fall within any of the cases of control established by law.
   b. The companies that form part of the same group, as such is defined by law, and the shareholders thereof.
   c. The individual acting as a representative, the directors, in fact or in law, and the liquidators of, and the representatives holding general powers of attorney granted by, the corporate director.
   d. Those persons who, in respect of the representative of the corporate director, are deemed related persons pursuant to the provisions of the preceding sub-section applicable to individuals acting as directors.

5. Without prejudice to the provisions of section 1 above, conflicts of interest shall be governed by the following rules:
   a. Communication: once a director becomes aware of being in a situation of conflict of interest, the director must give written notice of the conflict to the Board of Directors, in the person of the secretary thereof. The secretary shall periodically submit a copy of the notices received to the Appointments Committee, in the person of the secretary thereof.

   The notice shall contain a description of the situation giving rise to the conflict of interest, with a statement as to whether it is a direct conflict or an indirect conflict through a related person, in which case the latter person must be identified.

   The description of the situation must describe, as applicable, the subject matter and the principal terms of the transaction or the planned decision, including the amount thereof or an approximate financial assessment thereof. If the situation giving rise to the conflict of interest is a Related-Party Transaction (as this term is defined in article 48), the notice shall also identify the department or person of the Company or of any of the companies of the Group with which the respective contacts were made.

   Any question as to whether a director might be involved in a conflict of interest must be forwarded to the secretary of the Board of Directors, and the director must refrain from taking any action until it is resolved.

   b. Abstention: if the conflict arises from an operation, transaction or circumstance that requires any kind of operation, report, decision or acceptance, the director must refrain from taking any action until the Board of Directors studies the case and adopts and informs the director of the appropriate decision.

   To this end, the director shall leave the meeting during the deliberation and voting on those matters in which the director is affected by a conflict of interest, and shall not be counted in the number of members attending for purposes of the calculation of a quorum and majorities.

   At each meeting of the Board of Directors and of the committees thereof, the secretary shall remind the directors, before dealing with the agenda, of the abstention rule established in this article.
c. Transparency: whenever required by law, the Company shall report any cases of conflict of interest in which the directors have been involved during the financial year in question and of which the Company is aware by reason of notice given thereto by the director affected by such conflict or by any other means.

6. The secretary of the Board of Directors shall prepare a register of the conflicts of interest reported by the directors, which shall be continuously updated. The information contained in said register shall have the level of detail sufficient to allow for an understanding of the scope of each of the situations of conflict, and shall be made available to the Compliance Unit when it so requests, and shall also be made available to the Audit and Risk Supervision Committee when it so requests.

7. In those instances where the conflict of interest situation is, or may reasonably be expected to be, of a nature that constitutes a structural and permanent conflict between the director (or persons related thereto or, in the case of a proprietary director, the shareholder or shareholders that proposed or caused the director’s appointment or persons directly or indirectly related thereto) and the Company or the companies forming part of the Group, it shall be deemed that the director lacks, or has ceased to possess, the competence required to hold office.

8. The provisions of this article may be further developed through any appropriate rules that may be made by the Board of Directors.

Article 45. Use of Corporate Assets

1. A director may not use the Company’s assets or profit from the director’s position in the Company in order to obtain any financial benefit, unless arm’s length consideration has been paid and it is a standardised service.

2. On an exceptional basis, the Board of Directors, after a report from the Appointments Committee, may relieve the director from the obligation to provide such consideration, but in any such case, the financial benefit shall be deemed remuneration in kind and must conform to the director remuneration policy.

Article 46. Non-Public Information

1. A director may use non-public information of the Company for private purposes only if the following conditions are satisfied:
   a. That such information is not applied with respect to transactions for the purchase or sale of securities or financial instruments of the issuer to which the information directly or indirectly refers.
   b. That it does not place the director in a position of advantage vis-à-vis third parties, including suppliers and clients.
   c. That the use thereof does not cause any harm to the Company.
   d. That the Company does not own proprietary rights in, or have a similar legal position with respect to, the information that the director wishes to use.

2. In addition, the director shall observe the rules of conduct established in the legal provisions governing the securities markets and in the Corporate Governance System.

Article 47. Business Opportunities

1. A director may not take advantage of a business opportunity of the Company, either for the director’s own benefit or for the benefit of related persons, unless the investment or transaction has previously been offered to the Company, the Company has chosen not to take advantage of it without any pressure from the director, and the director has been authorised by the Board of Directors to profit from the transaction, following a report from the Appointments Committee.

2. A business opportunity shall be deemed to be any possibility of making an investment or a business transaction that has arisen or has been discovered in connection with the director’s performance of duties as such, or through the use of means and information belonging to the Company, or in circumstances such that it is reasonable to believe that the third party’s offer was in fact addressed to the Company.

3. Likewise, a director shall not use the Company’s name and shall not invoke the position thereof as director of the Company in order to carry out transactions for the director’s own account or for the account of related persons.
Article 48. Transactions by the Company with Directors and Significant Shareholders

1. Any transaction by the Company or the companies forming part of its Group with directors, with shareholders that directly or indirectly own a shareholding interest that is equal to or greater than that legally regarded as significant at any time or that have proposed or caused the appointment of any of the directors of the Company, or with the respective related persons ("Related-Party Transactions"), shall be subject to the approval of the Board of Directors, or in urgent cases, of the Executive Committee, following a report from the Appointments Committee.

2. In the event that authorisation has been granted by the Executive Committee due to the urgency of the matter, the Executive Committee shall give notice thereof at the next meeting of the Board of Directors in order for it to be ratified.

3. The authorisation of Related-Party Transactions must be approved by the shareholders at the General Shareholders' Meeting in the instances provided by law, and particularly if it relates to a transaction having a value of more than ten per cent of the corporate assets.

4. As an exception, Related-Party Transactions with any of the listed companies of the Group or with the subsidiaries thereof shall not be subject to the provisions of this article, provided that they have corporate governance rules similar to those of the Company.

5. The execution of a Related-Party Transaction puts the director engaging in said transaction or who is related to the person engaging in the transaction in a conflict of interest, for which reason the provisions of article 44 above shall apply, to the extent applicable.

6. The Board of Directors, through the Appointments Committee, shall ensure that Related-Party Transactions are carried out under arm's length conditions and with due observance of the principle of equal treatment of shareholders in the same situation. In the case of transactions to be carried out by companies of the Group, the scope of authorisation of the Board of Directors, or that of the Executive Committee, if applicable, referred to in the preceding sections, shall be circumscribed to the verification of compliance with such particulars.

7. In the case of customary and recurring Related-Party Transactions in the ordinary course of business, it shall be sufficient for the Board of Directors to give prior generic approval of the kind of transaction and of the conditions for performance thereof, following a report from the Appointments Committee.

8. If a Related-Party Transaction entails the successive performance of different transactions, of which the second and subsequent transactions are mere acts of execution of the first transaction, the provisions of this article shall only apply to the first transaction carried out.

9. The authorisation shall not be required in connection with transactions that simultaneously satisfy the following three conditions: that they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to a large number of customers; that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question; and that the amount thereof does not exceed one percent of the consolidated annual income of the Group.

10. The Company shall report Related-Party Transactions in the Half-Yearly Financial Report and in the Annual Corporate Governance Report, in the cases and to the extent provided by law. Likewise, the Company shall include in the notes accompanying the annual accounts information regarding the transactions by the Company or by the companies of the Group with the directors and with those persons who act for the account of the latter when such transactions are conducted other than in the ordinary course of the Company's business or other than under normal arm's length conditions.

To this end, the directors must give written notice to the secretary of the Board of Directors, on a semi-annual basis, within the first week of January and July of each year, regarding the Related-Party Transactions that they have engaged in. If they are not carried out, the directors shall so report. The secretary of the Board of Directors shall send a notice to the directors on a semi-annual basis requesting the appropriate information that must be sent to the Company.

11. The notice must include the following information: the nature of the transaction; the date on which the transaction originated; the conditions and periods for payment; the name of the person who carried out the transaction and the relationship, if any, with the director; the amount of the transaction; and other aspects, such as pricing policies, guarantees given and received, and any other feature of the transactions that allows for a proper assessment thereof, particularly such information as allows for verification that it has been carried out on arm's length conditions and in compliance with the principle of equal treatment.

12. The secretary of the Board of Directors shall prepare a register of Related-Party Transactions. The information set forth in such register shall be made available to the Compliance Unit when it so requests, and shall also periodically be made available to the Audit and Risk Supervision Committee through the Internal Audit Area Division.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
13. The provisions of this article may be further developed through any appropriate rules that may be made by the Board of Directors.

Article 49. Duty to Disclose Information

1. A director must report to the Company, through the secretary of the Board of Directors, any situation of direct or indirect conflict that the director or persons related thereto may have with the interests of the Company.

2. A director must also disclose to the Company:
   a. All positions the director holds at and services the director provides to other companies or entities, as well as the director’s other professional commitments. In particular, before accepting office as director or officer at another company or entity (except for the positions the director is called upon to hold at companies belonging to the Group or at other companies in which the director represents the interests of the Group), the director must give prior notice thereof to the Appointments Committee.
   b. Any substantial change in the director’s professional status that may affect the condition or capacity by virtue of which the director may have been appointed as director.
   c. Any judicial, administrative or other proceedings instituted against the director which, because of their significance or characteristics, may seriously reflect upon the reputation of the Company. In particular, every director must inform the Company, through the secretary of the Board of Directors, in the event that the director is subject to an investigation, arrested, or an order for the commencement of an oral criminal trial is issued against the director for the commission for any crime, and of the occurrence of any significant procedural steps in such proceedings.

   In such instance, the Board of Directors shall review this circumstance as soon as practicable and, following a report of the Appointments Committee, shall adopt the measures it deems fit taking into account the interests of the Company, such as opening an internal investigation, requesting the resignation of the director or proposing the removal thereof.

   The Company shall report the adoption of said measures in the Annual Corporate Governance Report, unless there are special circumstances that justify not doing so, which must be recorded in the minutes.
   d. In general, any fact or event that may be relevant to the holding of office as a director of the Company.

3. Directors shall provide the Company with an e-mail address as well as a mobile telephone number such that meetings of the Board of Directors and of the committees of which they are members may be called by those means, if so decided, and the corresponding information, if any, may so be provided to them.

Article 50. Extension of Director’s Duties

The duties prescribed in this title of these Regulations in connection with the relations between the directors and the Company shall also be deemed applicable by analogy to their potential relations with companies of the Group.

Likewise, the obligations referred to in this title of the Regulations shall be binding on the individuals representing corporate directors.

TITLE X. INFORMATION AND RELATIONSHIPS

Chapter I. Information

Article 51. Annual Corporate Governance Report

1. The Board of Directors shall, on an annual basis, approve a corporate governance report for the Company that shall include all specifications established by law and any others that the Board of Directors deems appropriate to include therein.

2. The approval of the Company’s Annual Corporate Governance Report must also be preceded by:
   a. A report of the Sustainable Development Committee.
   b. A report of the Audit and Risk Supervision Committee as regards information on the risk supervision systems.
c. A report of the Appointments Committee as regards information on the directors and members of senior management.

d. A report of the Remuneration Committee as regards the remuneration of the directors and the members of senior management.

3. The **Annual Corporate Governance Report** of the Company shall be included in a separate section of the **Management Report** and shall therefore be approved together therewith and shall be made available to the shareholders together with the other documents relating to the Annual General Shareholders’ Meeting.

4. Public notice shall be given of the **Annual Corporate Governance Report** of the Company as provided in securities market rules and regulations.

**Article 52. Corporate Website**

1. The Company maintains a corporate website, envisaged as an instrument for channelling its relations with shareholders and the financial community, as well as the other Stakeholders, which is intended to foster their involvement in corporate life.

2. Through the corporate website:
   a. Shareholders and investors are provided with the documents and information required by law and the Corporate Governance System and other information that the Board of Directors, through its secretary, deems appropriate.
   b. Shareholders are provided with the means to exercise the rights to receive information and to participation in the General Shareholders’ Meeting recognised by law and by the Corporate Governance System.
   c. Full or summarised versions of the rules making up the current Corporate Governance System are published.

3. The structure of the corporate website shall be determined by the provisions of law and the Corporate Governance System.

4. Without prejudice to the foregoing, the secretary of the Board of Directors shall decide the corporate governance information that must be included in the Company’s corporate website, and shall be responsible for the update thereof.

**Chapter II. Relationships**

**Article 53. Principle of Transparency**

Permanently contact with its shareholders and ongoing attention to the transparency of corporate information and of relations with its shareholders and with the market generally, in accordance with the provisions of law and the Corporate Governance System, are primary objectives of the Company.

**Article 54. Relationships with the Shareholders**

1. The Board of Directors shall foster continuous and appropriate information for its shareholders, permanent contact therewith, and their involvement in corporate life, establishing the channels for participation through which the Company shall procure their engagement, with the appropriate guarantees and coordination mechanisms.

   In particular, it shall establish the appropriate channels to hear proposals that the shareholders may make in connection with the Company, in accordance with the law and the Corporate Governance System.

2. The Board of Directors shall facilitate exercise of their rights by the shareholders and the performance of the duties established by law and, to the extent applicable thereto, in the Company’s Corporate Governance System.

   In particular, the Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting.

3. The Board of Directors, assisted by such members of senior management as it deems appropriate, may organise meetings for the provision of information on the progress of the Company and of its Group with shareholders and investors.

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4. In its relationships with the shareholders, the Board of Directors shall guarantee the application of the principle of equality of treatment of the shareholders who are in the same situation.

5. The Board of Directors may establish appropriate mechanisms for the regular exchange of information with those shareholders that are holders of a significant and stable financial interest in the Company, regardless of whether or not they are represented on its Board of Directors.

These mechanisms shall in any event take into account the existence of potential conflicts of interest and may not involve the provision to such shareholders of any information that might place them in a privileged or advantageous position vis-à-vis the other shareholders.

6. All public requests for delegation of voting powers made in favour of any director shall disclose, where applicable, the existence of a conflict of interest with the director or with a significant shareholder and shall specify the direction in which the representative shall vote in the event that no instructions are given by the shareholder, all subject to the provisions of law and of the Corporate Governance System.

Article 55. Relationships with the Securities Markets

1. The Board of Directors shall immediately inform the public regarding:
   a. Notices of inside information and other relevant information.
   b. All changes in the Company’s ownership structure, such as fluctuations in significant direct or indirect interests and private shareholders’ agreements (pactos parasociales) of which the Board has had notice.
   c. All substantial amendments to the Company’s governance rules and regulations.
   d. The treasury share policy, if any, that the Company intends to pursue on the basis of approvals obtained from the shareholders at the General Shareholders’ Meeting.
   e. All changes to the composition and to the rules of organisation and operation of the Board of Directors and the committees thereof, or to the duties and positions of each director in the Company, as well as any other modification relevant to the Corporate Governance System.

2. The Board of Directors shall adopt appropriate measures to ensure that the semi-annual, quarterly and any other financial information that it may be prudent to make available to the securities markets is prepared in accordance with the same principles, standards and professional practices used to prepare the annual accounts and is as reliable as such accounts. For this latter purpose, such information shall be reviewed by the Audit and Risk Supervision Committee.

3. The Board of Directors shall prevent its conduct from influencing the free formation of the price of the securities issued by the Company and, if applicable, of the shares of the companies forming part of its Group.

Article 56. Relationships with the Statutory Auditors

1. The Board of Directors shall establish an objective, professional and ongoing relationship with the Company’s statutory auditors, and shall have the utmost respect for their independence.

2. The Board of Directors shall meet with the statutory auditors at least once per year in order to receive information regarding the work performed and regarding the accounting status and risks of the Company.

3. The relationship referred to in the preceding section shall be channelled, as a rule, through the Audit and Risk Supervision Committee.

4. The Audit and Risk Supervision Committee shall ensure that the fees of the statutory auditors comply with the provisions of the laws on auditing of accounts.

5. The Audit and Risk Supervision Committee shall not submit a proposal to the Board of Directors, and the Board of Directors shall not submit a proposal to the shareholders at the General Shareholders’ Meeting, for appointment of an audit firm as the Company’s statutory auditor if it has evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts, and in any event if the fees that the Company intends to pay it for any and all services are greater than five percent of its total domestic income during the last financial year.

6. The Board of Directors shall make public the fees that the Company has paid to the audit firm, both in consideration for audit services and for services other than auditing, specifying the fees paid to the statutory auditors and those
paid to any company forming part of the same group of companies to which the statutory auditor belongs or to any other company to which the statutory auditor is related under a relationship of joint ownership, management or control.

7. The Board of Directors shall use its best efforts to definitively prepare the accounts such that there is no room for qualifications by the statutory auditors. However, when the Board of Directors believes that its opinion must prevail, it shall provide a public explanation of the content and scope of the discrepancy.

**Article 57.- Relationships with Members of Senior Management of the Company**

Relations between the Board of Directors and the members of senior management of the Company, as provided in these Regulations, must be channelled through the chairman of the Board of Directors or the chief executive officer or, in the absence thereof, through the secretary of the Board of Directors.
IV. Regulations of the Audit and Risk Supervision Committee

21 July 2020

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TITLE I. NATURE, OBJECT AND APPROVAL

Article 1. Nature and Object

1. Pursuant to the Corporate Governance System of IBERDROLA, S.A. (the “Company”), the Board of Directors establishes the Audit and Risk Supervision Committee (hereinafter, the “Committee”), a permanent internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action and which shall be governed by the provisions set forth in the By-Laws, in the Regulations of the Board of Directors and in these Regulations of the Audit and Risk Supervision Committee (the “Regulations”).

2. The object of these Regulations is to favour the independence of the Committee and to determine the principles of conduct and the rules of internal operation thereof, without prejudice to the powers of the committees or equivalent bodies that may exist at companies, whether or not listed, belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”).

3. These Regulations have been prepared taking into account the good governance recommendations generally accepted in international markets and form part of the Corporate Governance System.

Article 2. Approval, Amendment and Priority

1. These Regulations must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

2. Any amendment hereof must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

3. These Regulations further develop and supplement the provisions of the By-Laws and of the Regulations of the Board of Directors applicable to the Committee. The latter provisions shall prevail in the event of conflict with the former.

TITLE II. POWERS

Article 3. Powers

The Committee shall have the following main functions:

a. Conduct a periodic review of the risk policies on at least an annual basis and, if it so deems appropriate, propose the amendment and update thereof to the Board of Directors.

b. Approve the auditor contracting policy establishing the procedure for the selection and contracting of the Company’s auditor, the relations therewith, the circumstances that might affect the independence thereof and the instruments required to ensure the transparency of such relationship.

c. Ensure that the annual accounts that the Board of Directors submits to the shareholders at the General Shareholders’ Meeting are prepared in accordance with accounting standards, reporting thereto on the issues raised therein by the shareholders that are within the purview of the Committee, and particularly with respect to the results of the audit of the annual accounts, explaining how it has contributed to the integrity of the financial information and the role that it has played in such process, and if the auditor has included any qualification in the report, the opinion of the Committee regarding the content and scope thereof.

d. Monitor the effectiveness of internal control at the Company and within its Group, as well as of their system for managing risks.

e. Together with the statutory auditors, analyse significant weaknesses in the internal control system detected during the audit, all without infringing upon the independence thereof. To this end, if appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding follow-up period.

f. Supervise the process of preparing and presenting regulated financial information relating to the Company, both individual and consolidated with its subsidiaries, reviewing compliance with legal requirements, the proper delimitation of the scope of consolidation and the correct application of accounting standards, and submit recommendations or proposals to the Board of Directors to safeguard the integrity thereof. This supervisory work of the Committee must be carried out continuously, and also performed specifically at the request of the Board of Directors.
g. Propose to the Board of Directors for submission to the shareholders at a General Shareholders’ Meeting the appointment, re-election or replacement of the auditors, as well as the terms for the hiring thereof, in accordance with applicable legal provisions, and regularly receive therefrom information regarding the audit plan and the implementation thereof, in addition to preserving the independence thereof in the performance of its duties.

h. In relation to the statement of non-financial information: (i) supervise the process of preparing and presenting the non-financial information regarding the Company and its Group; (ii) propose to the Board of Directors the appointment of the independent assurance provider responsible for verifying the information included therein; and (iii) report to the Sustainable Development Committee on the process of preparing and presenting the statement of non-financial information as well as on the clarity thereof and on the integrity of the content thereof.

i. Supervise the activities of the Internal Audit Area, which shall be functionally controlled by the Committee.

j. Authorise in advance the non-audit services that the Company’s audit firm, or the persons or entities connected thereto pursuant to the provisions of the law on auditing of accounts, will provide to companies of the Group, as provided by law.

In order for the Committee to authorise the provision of said services, it must assess whether the audit firm it the most appropriate firm to provide them based on its knowledge and experience, and in this case shall analyse: (i) the nature thereof and the circumstances and context in which it occurs, (ii) the status, position or influence of the provider of the service and other relations thereof with the Company; (iii) the effects thereof; and (iv) whether said services could threaten the independence of the auditor and, if applicable, the establishment of measures eliminating or reducing these threats to a level that does not compromise the independence thereof.

It must also assess the remuneration for the non-audit services, individually or as a whole, compared to the remuneration for audit services and the parameters used by the audit firm to determine its own remuneration policy.

k. Establish appropriate relationships with the auditors to receive information regarding matters that might entail a threat to the independence thereof, for examination by the Committee, and any other information related to the development of the audit procedure, as well as such other communications as are provided for in the laws on auditing of accounts and in other legal provisions on auditing.

In any event, it must receive written confirmation from the auditors on an annual basis of their independence in relation to the Company or entities directly or indirectly related thereto, as well as a detailed breakdown of information on additional services of any kind provided to and the corresponding fees received from such entities by such auditors or persons or entities related thereto, pursuant to the legal provisions governing the auditing of accounts.

l. On an annual basis, prior to the audit report, issue a report containing an opinion on whether the independence of the auditors is compromised, which shall be made available to the shareholders upon the terms set forth in the Regulations for the General Shareholders’ Meeting. This report shall contain a reasoned assessment of the provision of each and every one of the additional services other than the legal audit referred to in the preceding letter, considered individually and as a whole, and in relation to the rules on independence or the legal provisions regarding the auditing of accounts.

m. Report in advance to the Board of Directors regarding the financial information that the Company must disclose on a regular basis because of its status as a listed company, making sure that the interim financial statements are prepared in accordance with the same accounting standards as the annual accounts and, for such purpose, it shall consider the appropriateness of a limited review by the auditors.

n. Report to the Board of Directors, prior to the Board’s decision thereon, regarding the creation or acquisition of interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions.

o. Report to the Board of Directors, prior to the Board’s decision thereon, regarding the creation or acquisition of interests in special purpose entities as well as regarding any other transactions or operations of a similar nature that, due to the complexity thereof, might diminish the transparency of the Group.

By way of exception, the transactions described in letters m) and n) above shall not be subject to a prior report from this Committee when they are carried out by listed country subholding companies of the Group or subsidiaries thereof.

p. Report on the structural modifications and corporate transactions to be undertaken by the Company, analysing the economic terms and conditions thereof, including if appropriate the exchange ratio as well as the accounting impact thereof.
q. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

Article 4. Powers regarding the Internal Audit Area

In this regard, the Committee shall have the following main functions:

a. Ensure the independence and effectiveness of the Internal Audit Area and that it has sufficient resources and adequately qualified staff to carry out its duties most efficiently.

b. Approve the direction and annual plan of the Internal Audit Area, ensuring that it exercises its powers proactively and that its activities are mainly focused on significant risks to the Company and its Group (including reputational risks), as well as receive periodic information regarding the activities carried out by the Internal Audit Area.

c. Evaluate the operation of the Internal Audit Area and the performance of the director thereof, for which purpose the Committee shall obtain any opinion held by the chief executive.

The evaluation shall be constructive and shall include an assessment of the level of compliance with targets and with standards for purposes of setting the variable components of the remuneration of the director of the Internal Audit Area, in which determination the Committee must also participate. The conclusions from the assessment made by the Committee must be communicated by the secretary thereof, through the secretary of the Board of Directors, to the director of the Internal Audit Area and to the Remuneration Committee, so that they may be properly taken into account when determining the remuneration thereof.

d. Verify, based on the corresponding reports of the Internal Audit Area, that the members of senior management take into account the conclusions and recommendations contained in its reports.

Article 5. Powers regarding the Internal Control and Risk Management Systems

In this regard, the Committee shall have the following main functions:

a. Directly supervise the unit vested with the power to actively participate in the preparation of the Company’s risk strategy and in significant decision affecting the management thereof.

b. Continuously review the internal control and risk management systems, such that the principal risks are properly identified, managed and reported.

c. Supervise the effectiveness of the internal control and risk management systems, for which purpose it shall obtain reports from the managers thereof, from the Internal Audit Area and from any other person hired for this purpose, in order to arrive at a conclusion regarding the trustworthiness and reliability of the systems and, if appropriate, make potential proposals for improvement.

d. Obtain information regarding any significant deficiency in internal control that the auditor detects while carrying out its audit work.

e. Ensure that the Group’s risk control and management system identifies at least:

   i. The different types of financial and non-financial risks (including operational, technological, financial, legal, social, environmental, political and reputational risks, or risks relating to corruption) facing the Company and the Group, including, among financial or economic risks, contingent liabilities and other off-balance sheet risks.

   ii. The establishment and review of the risk map and levels that the Company deems acceptable.

   iii. The measures planned in order to mitigate the impact of identified risks in the event that they materialise.

   iv. The information and internal control systems that will be used to monitor and manage the aforementioned risks, including contingent liabilities and other off-balance sheet risks.

   f. Maintain appropriate relationships with the Corporate Risk Division and with the audit and compliance committees of the other companies of the Group.

g. Promote (within the limits of its powers) a culture in which risk is a factor that is taken into account in all decisions and at all levels within the Company.

h. Identify and evaluate emerging risks, like those arising from technological, climactic, social and regulatory risks, as well as existing alert mechanisms, periodically evaluating the effectiveness thereof.

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i. Obtain creditable information as to whether the most significant risks are managed and maintained within the tolerance figures that have been established, and evaluate the various risk tolerance levels established in the risk policies in order to, if appropriate, propose the adjustment thereof based on the information provided by the Company’s management, the director of the Internal Audit Area and the director of Risks.

j. At least annually, call a meeting with each of the heads of the businesses of the Group and of the relevant corporate areas to exercise the powers of the Committee to be informed of the trends of their respective businesses or corporate areas and the risks associated therewith, all without prejudice to the corporate and governance structure of the Group, pursuant to which each of the head of business companies directly and effectively manages the risks of its businesses.

k. Report in advance on the risks of the Group to be included in the Company's Annual Corporate Governance Report and give notice thereof to the Board of Directors, through the Sustainable Development Committee, for an assessment of its conclusions.

l. Generally ensure that the internal control policies and systems are effectively applied in practice.

**Article 6. Powers regarding Auditing**

In this regard, the Committee shall have the following main functions:

a. Approve, periodically review and ensure compliance with the Auditor Contracting and Relations Policy.

b. Propose to the Board of Directors the appointment, re-election or removal of the auditor of the accounts of the Company and of the accounts of the Company consolidated with those of its Group, taking responsibility for the process followed for the selection thereof, pursuant to the provisions of law and the Auditor Contracting and Relations Policy.

c. Guide and propose to the competent governance bodies the appointment, re-election or removal of the auditors of the other companies of the Group, unless they have corporate governance rules similar to those of the Company that assign such duties of guidance and proposal-making to their respective audit and risk supervision committees or similar bodies.

d. Ensure the independence of the auditors and that they are not affected by any circumstances of prohibition or disqualification and, for such purpose:
   i. Verify that the Company and the auditor comply with applicable regulations regarding the provision of non-audit services, the limits on the concentration of the auditor’s business, the rules on professional fees and, in general, all other regulations established in order to ensure the independence of the auditors.
   ii. Establish an indicative ceiling on the fees that may be received each year by the auditor for non-audit services.
   iii. In the event of resignation of the auditor, examine the circumstances that may have given rise thereto.
   iv. On an annual basis and prior to the issuance of the audit report, issue a report setting forth an opinion on the independence of the auditors.
   v. Ensure compliance with the prohibitions upon completion of the audit work as provided by law.

e. Review the contents of the audit reports on the accounts and of the reports on the limited review of interim accounts, if any, as well as other mandatory reports to be prepared by the auditors, prior to the issuance thereof, in order to avoid qualified reports.

f. Assess the results of each audit of accounts and supervise the response of the members of senior management to the recommendations made therein.

g. On an annual basis, evaluate the activities performed by the auditor pursuant to the provisions of the Auditor Contracting and Relations Policy.

h. Ensure that the auditor carrying out the audit of the annual accounts or of consolidated accounting documents assumes full responsibility for the audit report issued, even when the annual accounts of the companies in which the Company has an interest have been audited by other auditors.

i. Act as a channel of communication between the Board of Directors and the auditors, causing them to hold an annual meeting with the Board of Directors to report thereto on the work performed and the accounting and risk status of the Company.
Article 7. Powers regarding the Process of Preparing Economic and Financial Information

In this regard, the Committee shall have the following main functions:

a. Supervise the process of preparation and submission and the clarity and integrity of the economic/financial information with respect to the Company and its Group, ensuring that the Half-Yearly Financial Reports and the quarterly management statements are prepared in accordance with the same accounting standards as the Annual Financial Reports and, for such purpose, it shall consider the appropriateness of a limited review of the Half-Yearly Financial Reports by the auditor.

In particular, based on available sources of internal information (including reports from the Internal Audit Area, reports from other areas or departments or the analysis and opinion of the Company’s management team itself) and external information (including reports from experts or information received from the auditor), the Committee shall reach its own conclusion as to whether the Company has properly applied the accounting policies.

b. Ensure compliance with legal requirements, the proper delimitation of the scope of consolidation and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable with respect to the regulated economic and financial information relating to the Company and its Group.

c. Analyse the reasons why the Company may itemize certain alternative information on returns in its public information instead of the measures directly defined by accounting rules, the extent to which useful information is provided to investors and the level of compliance thereof with best practices and international recommendations in this area.

d. Analyse the reasons why the Company may itemize certain alternative information on returns in its public information instead of the measures directly defined by accounting rules, the extent to which useful information is provided to investors and the level of compliance thereof with best practices and international recommendations in this area.

e. Obtain information on significant adjustments identified by the auditor or that result from revisions made by the Internal Audit Area and the position of the management team regarding said adjustments.

f. Timely and properly attend to, answer and take into account any requests sent thereto by the National Securities Market Commission during the current financial year or in prior years, ensuring that the same types of incidents previously identified in said requests are not repeated in the financial statements.

g. Check that the financial information approved by the Board of Directors and published on the corporate website of the Company is continuously updated and that it coincides with the information that has been approved by the Board of Directors and published on the website of the National Securities Market Commission. If the Committee is not satisfied with any aspect thereof after the review, it shall communicate its opinion to the Board of Directors through the secretary thereof.

Article 8. Powers regarding the Process of Preparing Non-Financial Information and the Appointment of the External Assurance Provider

In this regard, the Committee shall have the following main functions:

a. Supervise the process of preparing and presenting the statement of non-financial information regarding the Company and its Group, as well as the clarity thereof and the integrity of the content thereof.

b. Report to the Sustainable Development Committee on the process of preparing and presenting the statement of non-financial information, as well as on the clarity thereof and on the integrity of the content thereof. Said report shall be issued prior to the report that must be issued by the Sustainable Development Committee regarding the aforementioned statement of non-financial information and the preparation thereof by the Board of Directors.

c. Propose to the Board of Directors the appointment of the independent assurance provider responsible for assurance of the information contained in the statement of non-financial information.

d. Serve as a channel of communication and monitor the work of assuring the statement of non-financial information by the independent assurance provider, consult therewith regarding the process of preparation and presentation thereof and the clarity and integrity of the content thereof, and report on all of the above to the Sustainable Development Committee.
Article 9. Other Powers Entrusted to the Committee

The Committee shall also have the following functions:

a. Establish and supervise mechanisms, like the Company’s ethics mailboxes, whereby professionals and other people related to the Company, like directors, shareholders, suppliers, contractors and subcontractors, can report potentially significant irregularities, including of a financial and accounting nature, or of any other kind, related to the Company, that they notice therein or within the Group. This mechanism must guarantee confidentiality and in any case provide for cases in which reports can be made anonymously, in all events respecting the legal provisions on the protection of personal data and the fundamental rights of the parties concerned.

b. Monitor investigations performed by the Compliance Unit regarding potentially significant financial and non-financial improprieties, of the results thereof and of proposals for action and, when it so deems necessary, propose appropriate actions to reduce the risk of the future commission thereof.

c. Prior to the preparation of the annual accounts and to the filing of the Corporate Income Tax return, obtain from the Company’s tax director, for transmittal to the Board of Directors, information on the tax guidelines used by the Company during the financial year and, in particular, on the level of compliance with the Corporate Tax Policy.

d. Based on the information received from the Company’s tax director, report to the Board of Directors on the tax policies applied and, in the case of transactions or matters that must be submitted to the Board of Directors for approval, regarding the tax consequences thereof when such consequences represent a significant issue.

TITLE III. COMPOSITION

Article 10. Composition

1. The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee.

2. Within the aforementioned limits, the Committee may submit to the Board of Directors a proposal for amendment of the number of Committee members when it is deemed that such number will contribute to the more efficient operation of the Committee.

3. Diversity shall be sought in the composition thereof, particularly as regards, gender, professional experience, competencies, industry knowledge and geographic origin.

4. A majority of the members of the Committee shall be independent, and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, audit and risk management. A director shall be deemed to have knowledge and experience in accounting and audit if the director has:

a. knowledge of legal provisions on accounting and audit;

b. ability to assess and interpret the application of accounting rules;

c. experience in preparing, auditing, analysing or evaluating financial statements with a certain level of complexity similar to those of the Company itself, or experience in supervising one or more persons involved in this work; and

d. understanding of the internal control mechanisms relating to the process of preparing financial information.

5. The Board of Directors and the Appointments Committee shall endeavour to ensure that the members of the Committee as a whole, and especially the chair thereof, have the expertise, qualifications and experience appropriate for the duties they are called upon to perform in the area of accounting, auditing and management of risks, both financial and non-financial, and that at least one of them has experience in information technology.
They shall also endeavour to ensure that as a whole the members of the Committee have relevant technical knowledge in the finance and internal control area, as well as in relation to the energy sector.

Article 11. Positions
1. The Board of Directors shall appoint a chair of the Committee from among the independent directors forming part thereof, who must be a director with sufficient capacity and availability to provide greater dedication to the Committee than the rest of the members thereof.

2. The Board of Directors shall also appoint a secretary of the Committee, who need not be a director.

Article 12. Term of Office
1. Committee members shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

2. The chair of the Committee shall hold office for a maximum period of four years, after which period the director who has held office as such may not be re-elected as chair of the Committee until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the Committee.

3. Committee members who are re-elected as directors of the Company by resolution of the shareholders at a General Shareholders’ Meeting shall continue in their positions on the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

Article 13. Cessation of Office
Committee members shall cease to hold office:

a. When they cease to be directors of the Company.

b. When they cease to be non-executive directors, even if they continue as directors of the Company.

c. When they become members of the Executive Committee.

d. Upon expiration of the maximum term for which they were appointed without being re-elected.

e. By resolution of the Board of Directors.

TITLE IV. TRAINING

Article 14. Orientation Programme
In order for new members of the Committee to be able to actively perform their duties as from their appointment, the Orientation Programme provided for in the Regulations of the Board of Directors shall be made available to them on the directors’ website.

Article 15. Training Programme
The Committee shall have a periodic training plan that ensures the updating of knowledge relating to new developments in accounting rules, the specific regulatory framework of the Group’s businesses, internal and external audit, the management and supervision of risks, internal control and technological advances relevant to the Company.

TITLE V. OPERATION

Article 16. Annual Work Plan
1. Before the beginning of each financial year, the Committee shall approve an annual work plan that contemplates at least the following aspects:

a. The specific goals established for the financial year relating to each of the powers of the Committee, especially those that might be new or relate to significant issues.
Article 17. Schedule and Meetings

1. Once the annual meeting schedule of the Board of Directors has been approved, the chair and the secretary of the Committee shall prepare a proposed annual schedule for the meetings of the Committee during the first month of the financial year, ensuring that there are at least four meetings per year and that they are held on days prior to the meetings of the Board of Directors.

2. Preparation of the proposed schedule must consider the time to be devoted to the various duties of the Committee and must take into account the meeting schedule of the Board of Directors and the date for holding the General Shareholders’ Meeting, in order to prepare any reports or proposals to be submitted regarding the matters to be dealt with, as well as the report on the activities of the Committee referred to in article 24 below.

3. The proposed schedule shall include the tentative agendas and any appearances that may be deemed necessary. This proposal shall systematically reflect the tentative agenda for the meetings, planning fixed sections for issues that are dealt with on a recurring basis, and other sections for issues that are only dealt with at particular meetings. Generally, risk supervision shall be included in the agenda for the Committee’s meetings, so that an analysis can be made throughout the year of all significant risks, both financial and non-financial, the latter relating to aspects such as tax, cybersecurity and the cyber-resilience capacity of the group.

4. The secretary of the Committee shall send the proposed schedule to the secretary of the Board of Directors for validation and subsequent preparation of the meeting schedule of the corporate decision-making bodies, pursuant to the provisions of article 29.7 of the Regulations of the Board of Directors. Once the proposed schedule is validated by the Office of the Secretary of the Board of Directors, the Committee shall approve the annual meeting schedule.

5. Where appropriate, the meeting schedule shall be supplemented with the scheduling of preparatory work sessions or meetings on specific issues.

6. The Committee shall meet at least upon the occasion of each date of publication of annual or interim financial information. Said meetings shall be attended by the director of the Internal Audit Area, and by the auditor when it issues a review report. At least a portion of said meetings with the auditor shall take place without the presence of the Company’s management team, so that the members can discuss among themselves specific issues that arise during the reviews.

7. Without prejudice to the provisions of the preceding sections, the Committee shall meet as many times as the chair thereof deems is necessary to exercise the powers entrusted thereto, as well as when requested by at least two of its members. Prior to sending a call to a meeting not provided for in the meeting schedule of the corporate decision-making bodies, the secretary of the Committee shall send to the secretary of the Board of Directors for validation the date, agenda and any appearances that may be deemed necessary.

8. The chairman of the Board of Directors and the chief executive officer may request informational meetings with the Committee on an exceptional basis.

Article 18. Call to Meeting

1. The secretary of the Committee shall, by order of the chair thereof, call the Committee to meeting at least eight days in advance thereof, except in the case of urgent meetings.

2. The call to meeting shall be carried out by any means allowing for receipt thereof and shall include the agenda for the meeting and the documentation expected to be made available to the members of the Committee, which shall first be reviewed by the Office of the Secretary of the Board of Directors to ensure the consistency thereof with the meeting schedule of the corporate decision-making bodies and the Corporate Governance System.

3. No prior call to a meeting of the Committee shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.
Article 19. Place of Meetings

1. Meetings of the Committee shall be held in person at the place designated in the call to meeting.

2. If so decided by the chair of the Committee on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The members of the Committee in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Committee for all purposes.

Article 20. Establishment of a Quorum

1. A valid quorum for Committee meetings shall be established with the attendance, in person or by proxy, of a majority of its members.

2. The chair of the Committee shall preside over the meeting. In the event of the vacancy, illness, incapacity or absence of the chair of the Committee, the meeting shall be chaired by the director having the longest length of service on the Committee, and if equal lengths of service, by the oldest.

3. The secretary of the Committee shall act as secretary for the meeting. In the event of vacancy, illness, incapacity or absence of the secretary of the Committee, the person appointed by the Committee for such purpose shall act as secretary.

4. Committee members may give a proxy to another member by notice delivered by any of the means set forth in article 18 above, addressed to the secretary of the Committee and including the terms on which the proxy is given. However, they may not give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.

5. On an exceptional basis, based on the circumstances in each case, the chair of the Committee may authorise the attendance at the meeting of one or more members by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time. Members connected remotely shall be deemed for all purposes to have attended the meeting of the Committee.

Article 21. Resolutions

1. Resolutions of the Committee shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Committee shall have the tie-breaking vote.

2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Committee or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter, shall be made available to all of the directors and shall be entered in a book of minutes of the Committee.

Article 22. Conflicts of Interest

When matters to be dealt with at a meeting of the Committee directly affect one of its members or persons related thereto and, in general, when such member is subject to a conflict of interest situation (upon the terms established in the Regulations of the Board of Directors), such member must leave the meeting until a decision is made, and such member shall be subtracted from the number of Committee members for purposes of calculating the quorum and majorities with respect to the matter at hand.

Article 23. Attendance

1. At the request of the chair of the Committee, addressed for such purpose to the chairman of the Board of Directors, any director may be asked to attend the meetings thereof.

2. By means of a reasoned request, the chair of the Committee may also request, through the secretary of the Board of Directors, the attendance of any director, member of senior management or professional of the Group as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based
on the matters to be discussed, the powers of the Committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

3. Persons who are not members of the Committee may not attend meetings thereof when the matters dealt with are outside the scope of the powers or duties of such persons.

4. The Committee may request the presence at its meetings of both the Company’s auditor as well as the auditor of any entity within the Group, provided that there is no legal impediment thereto. The Company’s auditor shall not attend the decision-making portion of the Committee’s meetings.

5. The presence of members of management, professionals or other directors, whether executive or not, at meetings of the Committee shall be on an occasional basis and only when required, after an invitation from the chair of the Committee, shall be strictly limited to those items on the agenda for which they are called, and they shall not attend the decision-making portion of the Committee’s meetings. The chair may authorise the remote attendance thereof using the communication systems described in article 20.5 above, if the chair so deems appropriate. The secretary shall record the entries and exits of guests at meetings in the minutes.

### TITLE VI. RELATIONSHIPS

#### Article 24. Relationship with the General Shareholders’ Meeting

1. The Committee shall report to the shareholders at the General Shareholders’ Meeting with respect to the matters raised therein by the shareholders on matters within its purview, and particularly with respect to the results of the audit of the annual accounts, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in such process.

2. In those instances in which the statutory auditor has included a qualification in its audit report, the chair of the Committee shall clearly explain at the General Shareholders’ Meeting the opinion of the Committee regarding the content and scope thereof, making a summary of said opinion available to the shareholders at the time of publication of the call to meeting, together with the other proposals and reports of the Board of Directors.

3. Pursuant to the provisions of the **Regulations of the Board of Directors**, the **Activities Report of the Board of Directors and of the Committees thereof**, which shall include information regarding the operation and the activities of the Committee during the preceding financial year, shall be made available to the shareholders and the other Stakeholders for purposes of the call to the General Shareholders’ Meeting.

4. In particular, the section of the **Activities Report of the Board of Directors and of the Committees thereof** regarding the Committee must allow the shareholders and other interested parties to understand the activities performed by the Committee during the financial year in question, for which reason the publication must contain at least the following aspects:

   a. Description of the regulation of the Committee.

   b. Composition of the Committee during the financial year, including the classification and seniority of each of the members thereof, as well as the significant abilities in terms of knowledge and experience contributed by each member.

   c. The standards used to determine and the rationale explaining the composition of the Committee, particularly in relation to the appointment of members who are not independent directors.

   d. Duties and work performed during the financial year by the Committee, changes therein during the fiscal year and reference to these Regulations.

   e. Meetings held during the financial year and number of attendees, including whether non-members of the Committee have been invited.

   f. Number of meetings held with the internal auditor and with the external auditor.

   g. Significant activities during the period (reporting those that have been performed with the assistance of external experts) relating to:

      i. financial and related non-financial information and the mechanisms associated with internal control;

      ii. risk management and control;

      iii. the Internal Audit Area;
iv. the auditor;

v. follow-up on the action plans of the Committee; and

vi. the nature and scope of any communications with the regulators.

h. Evaluation of the operation and performance of the Committee, as well as of the methods used to assess the effectiveness thereof.

i. Information regarding the Committee’s opinion on the independence of the auditor.

j. Independence and conflicts of interest of external advisors, experts and consultants.

k. Information regarding which domestic or international practical guides on audit committees are being followed, if any, and to what extent.

l. Significant deviations from the procedures adopted or improprieties of which the Board of Directors has been notified in writing in areas within the purview of the Committee.

Article 25. Relationship with the Board of Directors

The chair of the Committee shall inform the Board of Directors, at the next meeting thereof following the meetings of the committee, of the matters dealt with and the resolutions adopted during its meetings.

Article 26. Relationship with the Internal Audit Area

1. Pursuant to the provisions of these Regulations, the Committee’s relations with the Internal Audit Area shall respect the independence thereof.

2. The Committee shall propose to the Board of Directors, for approval thereby, after a report of the Appointments Committee, the appointment and removal of the director of the Internal Audit Area.

3. The chairman of the Board of Directors, based on the proposal made by the Committee, shall propose to the Board of Directors the approval of Basic Internal Audit Regulations governing the nature, organisation, competencies, powers and duties of the Internal Audit Area of the Company and of the divisions of the Internal Audit of the Group.

4. The Committee shall ensure that the members of the Internal Audit Area have access to the documentation and to the staff necessary for the performance of its duties in accordance with the Corporate Governance System and that appropriate methods of investigation are provided to them, without impediment.

5. The Committee shall guide and supervise the activities of the Internal Audit Area. For such purpose, it shall approve an annual plan, which must be submitted by the director of the Internal Audit Area, and shall follow up on the recommendations of the Committee. As an integral part of the annual plan, the Committee shall approve the budget of the Internal Audit Area and shall submit it to the Board of Directors for acknowledgement thereby. The Committee shall verify that such plan has taken into account the principal financial and non-financial risk areas of the businesses, and that the responsibilities thereof have been clearly identified and determined for proper coordination with any other assurance functions, like the risk management and control, financial information control, compliance and external audit units. Furthermore, apart from identifying the audit objectives and the work to be performed, the approval by the Committee of the annual internal audit plan must include approval of the resources necessary for the implementation thereof, both human (internal and external) and financial and technological.

6. The Committee shall monitor the annual plan to verify at least the following:

a. That the principal risk areas of the businesses identified in the plan are properly covered in practice. This shall include the supervision of internal controls on the method for calculating alternative return measures that the Company uses in its periodic reports.

b. That there is appropriate coordination with other assurance functions like risk control and management, as well as with the external auditor.

c. That there is an availability of the resources initially approved, in terms of staff as well as technological and financial resources, including the hiring or use of experts for those audits requiring special qualifications.

d. That the director of the Internal Audit Area has effective and direct access to the Committee.

e. That all significant changes in the plan are properly communicated to the Committee.
Article 27. Relationship with the Corporate Risk Division

In addition to the responsibilities inherent in its role, the Corporate Risk Division shall be the customary body for communication between the Committee and the rest of the Company’s organisation on specific risk matters, and shall be responsible for preparing the information required on these issues at meetings, which the director of the Corporate Risk Division shall attend if the Committee deems it appropriate, but in any case without prejudice to the provisions of article 23 above.

Article 28. Relationship with the Auditor

1. The Committee’s relations with the Company’s auditor shall respect the independence thereof, in accordance with the provisions of these Regulations.

2. The Committee shall propose to the Board of Directors, for submission of the proposal to the shareholders at a General Shareholders’ Meeting, the selection, appointment, re-election and replacement of the Company’s auditor. In addition, the Committee shall make a proposal to the Board of Directors regarding the contractual terms under which the auditor should be hired.

3. The Committee shall not submit a proposal to the Board of Directors, and the Board of Directors shall not submit a proposal to the shareholders at the General Shareholders’ Meeting, for appointment of an audit firm as the Company’s auditor if it has evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts, and in any event if the fees that the Company intends to pay it for any and all services are greater than five percent of its total domestic income during the last financial year.

4. The Committee shall regularly receive from the auditor information regarding the audit plan and the results of the implementation thereof, shall follow up on all recommendations proposed by the auditor, and may require its cooperation whenever it deems it necessary.

5. The Committee shall request of the auditor, on an annual basis, a certificate of independence of the firm as a whole and of the team members participating in the process of auditing the annual accounts of the Group, as well as information regarding additional services of any kind provided by the auditors or by persons related thereto pursuant to the provisions of the laws on auditing of accounts. In addition, the auditor shall include in the annual certification that it sends to the Committee a statement in which it reports on compliance with the application of the internal procedures of quality assurance and protection of independence that have been implemented.

6. The Committee must authorise any hiring of the auditor for any non-audit services prior to the approval thereof by the relevant body.

7. The Committee shall receive information on the hiring by any of the companies of the Group of professionals coming from any of the Group’s audit firms.
**Article 29. Relationship with the Audit Committees of other Companies of the Group**

1. The relationships of the Committee with the audit committees of other companies of the Group shall be governed by the provisions of the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group approved by the Board of Directors, upon a proposal of the Committee.

2. This coordination and information relationship shall be channelled through the chairs of the audit committees of the Company and of the relevant company belonging to the Group, with the purpose of informing the Committee of the matters handled by such committees that might have a potentially significant impact on the Group.

3. The audit committees established at other companies of the Group must have their own regulations defining the principals of conduct and the rules of internal operation thereof, and whose scope, in compliance with the level of guarantees required by the Corporate Governance System as well as with the principles of coordination and information that must govern the relationships among the audit committees of companies established at companies of the Group for the proper discharge of their duties, must be in agreement with the contents of these Regulations, without prejudice to any amendments that may be required taking into account the circumstances of each company.

4. Any information from or appearance by any member of management, professional or director of any company belonging to the Group with an audit committee that is requested by the Committee in the performance of its duties shall be processed and carried out through the audit committee of the affected company, whose chair shall report directly to the chair of the Committee.

5. The audit committees established at other companies of the Group shall ensure the independence and effectiveness of their respective internal audit areas.

6. For the performance of the duties assigned to the Committee in these Regulations in connection with the Internal Audit Area, the director of the Internal Audit Area of the Company shall establish the appropriate framework of relations of coordination and information with the internal audit areas of the other companies of the Group.

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**TITLE VII. POWERS OF THE COMMITTEE, PARTICIPATION AND RIGHTS TO RECEIVE INFORMATION OF THE MEMBERS THEREOF, DUTIES AND EVALUATION OF THE OPERATION THEREOF**

**Article 30. Powers and Advice**

1. The Committee may, through the secretary of the Board of Directors, freely access any information or documents available at the Company relating to the matters that are within the Committee’s area of authority and that it deems necessary to perform its duties.

2. The Committee may also seek, at the Company’s expense, cooperation or advice from outside professionals, who shall address their reports directly to the chair of the Committee. In such case, the Committee shall ensure that potential conflicts of interest do not prejudice the independence of the outside advice received.

**Article 31. Participation and Rights to Receive Information**

1. In order to promote a diversity of opinions that enriches the analysis and proposals of the Committee, the chair of the Committee shall ensure that all of the members freely participate in the deliberations, without being affected by internal or third-party pressures, and shall encourage constructive dialogue among them, promoting free expression and a critical attitude.

2. To properly carry out its duties, the chair of the Committee shall promote the establishment of an effective and periodic channel of communication, which shall also involve the other members of the Committee to the extent deemed appropriate, with the management team, with the Internal Audit Area and with the auditor upon the terms provided in title VI of these Regulations.

3. The chair of the Committee shall channel and provide the information and documentation required to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse it and prepare for the meeting.

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Article 32. Duties of Committee Members

1. Committee members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence. In particular, attendance at meetings of the Committee shall be preceded by the sufficient dedication of its members to analyse and evaluate the information received.

2. In exercising their powers, the members of the Committee shall comply with the provisions of these Regulations and applicable law on professional scepticism and critical attitude regarding the conclusions reached by the executive directors and members of senior management of the Company, acknowledging the arguments for and against, and with each of the members, and the Committee as a whole, forming their and its own position.

3. Committee members are subject as such to all of the duties of a director set forth in the Regulations of the Board of Directors, to the extent they are applicable to the responsibilities discharged by the Committee.

Article 33. Evaluation

1. Within the framework of the annual evaluation provided for in the Regulations of the Board of Directors, the Appointments Committee shall coordinate the evaluation of the Committee’s performance in order to strengthen the operation thereof and improve planning for the next financial year, for which purpose it shall ask the opinion of its members and of the other directors.

2. In the interest of greater transparency, the Activities Report of the Board of Directors and of the Committees thereof shall state the extent to which the evaluation has caused significant changes in the organisation and procedures of the Committee.

TITLE VIII. COMPLIANCE, DISSEMINATION AND INTERPRETATION

Article 34. Compliance and Dissemination

1. The members of the Committee, as well as the other members of the Board of Directors to the extent they are affected, have the obligation to know and comply with these Regulations, for which purpose the secretary of the Board of Directors shall post them on the directors’ website and on the Company’s corporate website.

2. In addition, the Committee shall have the obligation to ensure compliance with these Regulations and to adopt appropriate measures for the required dissemination thereof among the rest of the organisation.

Article 35. Interpretation

1. These Regulations shall be interpreted in accordance with law and the Corporate Governance System.

2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by the Committee itself, and in the absence of such resolution, by the chair of the Committee, who shall be assisted by such persons, if any, as may be appointed by the Board of Directors for such purpose. The Board of Directors shall be informed of the interpretation and resolution of the questions or disputes that may have arisen.

3. In the absence of a specific rule, the provisions of the Regulations of the Board of Directors regarding the operation of the Board and, in particular, those regarding the call to meetings, granting of a proxy to another director, establishment of a quorum, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Committee to the extent that they are not inconsistent with the nature thereof.
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INTRODUCTION

These Basic Internal Audit Regulations (the “Basic Regulations”) govern the nature, organisation, competencies, powers and duties of the Internal Audit Area of Iberdrola, S.A. (the “Internal Audit Area” and “Iberdrola” or the “Company”, respectively) and of the Internal Audit divisions of the various companies of the group of which Iberdrola is the controlling entity, within the meaning established by law (the “Internal Audit Divisions” and the “Group”, respectively).

These Basic Regulations have been approved by the Company’s Board of Directors upon the terms proposed by the chairman thereof pursuant to the proposal of the Audit and Risk Supervision Committee (the “ARSC”), all in accordance with the provisions of the Regulations of the Audit and Risk Supervision Committee, and are included within Iberdrola’s Corporate Governance System.

TITLE I. NATURE AND REGULATION

Article 1. Nature of the Internal Audit Area and of the Internal Audit Divisions

The Internal Audit Area is an internal unit of the Company that hierarchically reports to the chairman of Iberdrola’s Board of Directors and functionally reports to the ARSC. Its basic activity consists of independently and proactively endeavouring to ensure the effectiveness of the governance, risk management and internal control processes of the Group.

For their part, the Internal Audit Divisions shall perform duties equivalent to those of the Internal Audit Area at least at those country subholding and head of business companies of the Group that have audit and compliance committees (the “ACCs”).

Article 2. Regulation

1. Internal regulations:

The Internal Audit Area and the Internal Audit Divisions are governed by the provisions of these Basic Regulations and, if applicable, by the applicable provisions of the bylaws or regulations of the companies of the Group of which they are a part.

Internal Audit Divisions belonging to listed companies or with the presence of minority shareholders that have their own internal regulations in this area shall be governed by such regulations.

In addition, the Internal Audit Divisions shall conform their activities to the framework of relations of coordination and information among the Internal Audit Area and the Internal Audit Divisions prepared by the head of the Internal Audit Divisions upon the terms of article 5 below.

2. External regulations:

Without prejudice to the provisions of the Corporate Governance System, these Basic Regulations and the other internal rules of the Company, the Internal Audit Area and the Internal Audit Divisions, as well as the professionals assigned thereto, shall conform their activities to the International Standards for the Professional Practice of Internal Auditing approved by the Institute of Internal Auditors (IIA), which contains, among other things: (i) the definition of internal auditing; (ii) the International Standards for the Professional Practice of Internal Auditing in effect from time to time; and (iii) the Code of Ethics.

TITLE II. ORGANISATION OF THE INTERNAL AUDIT AREA AND OF THE INTERNAL AUDIT DIVISIONS

Article 3. Internal Audit Divisions

At the least, the companies of the Group within which ACCs are created shall have an Audit Division, without prejudice to any specific provisions applicable thereto by reason of their status as listed companies, the presence of minority shareholders, nationality, law or any other circumstances.
Article 4. Director of the Internal Audit Area and Heads of the Internal Audit Divisions

1. The director of the Internal Audit Area and the heads of the Internal Audit Divisions should have the knowledge, skills and experience appropriate to the duties they are asked to perform, especially with respect to internal audit, risk management, internal control and governance, and shall have the powers required for the performance thereof.

2. Pursuant to the provisions of the Corporate Governance System, the Company’s Board of Directors is responsible for the appointment and removal of the director of the Internal Audit Area, upon a proposal of the ARSC and after a report of the Appointments Committee.

For its part, the Board of Directors of the company in question is responsible for the appointment and removal of the head of an Audit Division, upon a proposal or prior report (as provided by the internal regulations of the company in question) of the respective ACC (if any).

In the case of: (i) country subholding companies; or (ii) head of business companies with an ACC, but subordinate to a country subholding company that does not have an ACC, in order to prepare the corresponding proposal or report, the chair of the respective ACC shall first consult with the director of the Internal Audit Area of Iberdrola.

In the case of head of business companies with an ACC that are subordinate to country subholding companies that also have an ACC, the chair of the ACC of the head of business company shall have such prior consultations with the head of the Internal Audit Division of its respective country subholding company, who in turn shall consult on this issue with the director of the Iberdrola’s Internal Audit Area.

If the appointment affects a company without an ACC, the chair of the Board of Directors shall engage in the relevant consultations.

3. The director of the Internal Audit Area shall be deemed a member of the senior management of the Company, and shall report hierarchically to the chairman of the Board of Directors thereof. The heads of the Internal Audit Divisions shall belong to the management team of their corresponding companies, and shall report hierarchically to the chair of the Board of Directors thereof.

4. The ARSC is the body that evaluates the operation of the Internal Audit Area and the performance of the director thereof pursuant to the provisions of the Regulations of the Audit and Risk Supervision Committee, for which purpose it shall obtain any opinion that might be held by the chief executive.

In a similar vein, these duties correspond to the respective ACC, if any, or if none to the board of directors, with respect to the head of an Audit Division.

5. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall manage the operation and the budget, respectively, of the Internal Audit Area and of the corresponding Internal Audit Divisions, under the principles of independence and efficiency in management, and shall be responsible for implementing the relevant measures and action plans and endeavouring to ensure the proper performance of the duties thereof.

Article 5. Framework for Relations of Coordination and Information between the Internal Audit Area and the Internal Audit Divisions

1. The director of the Internal Audit Area shall establish an appropriate framework for relations of coordination and information between the Internal Audit Area and the Internal Audit Divisions and shall develop the strategy, guidelines and overall supervision of the Internal Audit function at the Group level.

2. Specifically, the director of the Internal Audit Area shall:
   
a. Define the strategic lines and scale of the Internal Audit function at the Group level.

b. Participate in determining the processes for determining and evaluating the objectives of the heads of the Internal Audit Divisions (of companies that are not listed companies or subsidiaries, do not have minority shareholders, and are not subsidiaries thereof) and for setting the remuneration thereof, as well as in determining the profiles and development and career plans of its team.

c. Supervise and coordinate the annual activities plans of the Internal Audit Divisions, which must be coordinated with the activities plan of the Internal Audit Area, and to which it shall transmit the guidelines and directives of the Board of Directors and of the ARSC of the Company.

d. Supervise the annual activity reports of the Internal Audit Divisions.

e. Establish directives regarding quality requirements and the promotion of global certifications, and promote periodic evaluations of the Internal Audit Divisions.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
3. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall hold regular coordination and information meetings. Such meetings may also be attended by those internal auditors that the director of the Internal Audit Area deems appropriate for the proper performance of the function.

TITLE III. POWERS OF THE INTERNAL AUDIT AREA AND OF THE INTERNAL AUDIT DIVISIONS

Article 6. Scope
The Internal Audit Area and the Internal Audit Divisions shall independently and objectively provide assurance and consulting services to add value and improve the operations of the Company and of the Group, providing a systematic and disciplined focus in order to evaluate and improve the efficiency of the risk management, control and governance processes of the Group.

The nature and scope of any consulting work performed by the Internal Audit Area and the Internal Audit Divisions shall be previously agreed with the relevant Division of the Group. In no case may the Internal Audit Area or Internal Audit Divisions assume management responsibilities or participate in making executive decisions.

Article 7. Powers relating to the Audit and Risk Supervision Committee or the Audit and Compliance Committees, as applicable
1. The Internal Audit Area shall assist the ARSC (and the Internal Audit Divisions shall assist their corresponding ACCs) in developing the powers of said committee, especially as regards supervision of the effectiveness of the internal control and risk management system, relations with the statutory auditor, and supervision of the process of preparing the economic/financial and non-financial information of the company in question.

2. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall be in charge of preparing the information requested of them by the relevant ARSC and ACC, respectively. They shall also attend the meetings of the ARSC and the ACC to which they are called when dealing with issues within their respective domains (including meetings held to formulate or approve annual or interim financial information).

In particular, the director of the Internal Audit Area and the heads of the Internal Audit Divisions shall provide to the ARSC or the ACC, as appropriate, and within their respective areas of competence, the information required for them to (without limitation): (i) supervise the effectiveness of the internal control and risk management systems; (ii) reach a conclusion as to whether the accounting policies have been properly applied; and (iii) know the significant adjustments identified by the Internal Audit Area or the Internal Audit Division, as applicable, in the review of the economic/financial and non-financial information.

3. The Internal Audit Area shall be the regular body for communication between the ARSC and the rest of the Company’s organisation, without prejudice to provisions of the Regulations of the Audit and Risk Supervision Committee and the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group regarding the duties entrusted to other areas, particularly the Office of the Secretary of the Board of Directors and other Divisions (like the Corporate Risk Division).

Article 8. Powers to Supervise the Effectiveness of the Internal Control System
1. The Internal Audit Area and the Internal Audit Divisions shall objectively and independently supervise the effectiveness of the Group’s internal control system, which is made up of a set of risk management and control mechanisms and systems. By way of example and not limitation, and within the scope of their respective domains, they shall be particularly responsible for supervising:

   i. The effective operation of the comprehensive risk control and management system of the Group, as described in the General Risk Control and Management Policy, and the adaptation thereof to ensure compliance with the risk policies.

   ii. The effective operation of the Internal Control over Financial Reporting (ICFR) System established by the Company for preparing and presenting the economic/financial information of the Group, including information that the Company must regularly publish due to its status as a listed company.

   iii. The effective application of the rules, protocols and procedures making up the Group’s Compliance System, which is intended to prevent action or conduct that is improper or contrary to ethics or the law, including,
without limitation, supervision of the measures established to prevent corruption, fraud and conduct constituting bribery, as well as programmes to prevent the commission of crimes.

iv. **The effective operation** of the overall framework for the control and management of the Group’s cybersecurity risks, as well as the framework for the governance and management of the processes and actions relating to information technology (IT) within the Group.

v. **The effective operation** of the mechanisms established by the Group for implementing the sustainable development policies.

vi. **Verification** that the investment and divestment processes comply with applicable risk policies and guidelines and that the procedures pursuant to which they are performed ensure proper internal control and effective management of the related risks.

2. The Internal Audit Area and the Internal Audit Divisions shall also engage in any other actions needed to perform their duty of ensuring the effective operation of the Group’s internal control system.

3. The Internal Audit Area and the Internal Audit Divisions shall also have such other powers of a singular or permanent nature as are assigned thereto by the board of directors of the relevant company or that are vested therein by the Corporate Governance System.

4. In performing the above duties, as well as in preparing the annual activities plans provided for in article 10 of these *Basic Regulations*, they must take into account the powers of assurance of other areas of the Company and of the Group in order for the responsibilities of the Internal Audit Area and the Internal Audit Divisions to be clearly defined and in order for there to be proper mechanisms of coordination with other assurance functions.

Along these lines, the powers of the Internal Audit Area and of the Internal Audit Divisions set out in this article 8 shall not include the duties assigned to the Corporate Risk Division in relation to the management and supervision of the Group’s risks, and particularly the development and implementation of the risk policies.

5. Furthermore, the Internal Audit Area and the Internal Audit Divisions, as applicable, must be informed of the provision of any assurance services to the Group by outside service providers. When appropriate, the Internal Audit Area and the Internal Audit Divisions shall coordinate such services when related to their respective domains.

### TITLE IV. RESOURCES, BUDGET AND ANNUAL ACTIVITIES PLAN

#### Article 9. Material and Human Resources

Both the Internal Audit Area and the Internal Audit Divisions shall have access to the human, financial and technological resources necessary to perform their duties.

#### Article 10. Annual Activities Plan and Budget

1. The director of the Internal Audit Area shall prepare a proposed annual activities plan of the Internal Audit Area and shall submit it for the approval of the ARSC. Such proposal:

   i. shall contain the budget of the Internal Audit Area for engaging in its activities during the next financial year;

   ii. shall take into account the principal financial and non-financial risk areas of the business;

   iii. shall clearly identify and define the responsibilities of each business for proper coordination with any other assurance functions, like the risk management and control, financial and non-financial information control, compliance and external audit units.

   iv. shall establish the audit objectives and the work to be performed, as well as the resources necessary for the implementation thereof, both human (internal and external) and financial and technological; and

   v. shall take into account any suggestions that the Board of Directors, the ARSC and the members of senior management have communicated thereto.

2. Once approved by the ARSC, the budget for the Internal Audit Area shall be sent to the chairman of the Company’s Board of Directors, who shall present it to the Board of Directors for review.

3. The heads of the Internal Audit Divisions shall present to the relevant ACC the proposed activities plan and budget for the performance of their activities during the next financial year, for approval thereof and submission to the
chair of the relevant board of directors, who shall submit it to such board of directors for review in the case of the activities plan and for approval with respect to the budget.

If an Audit Division belongs to a company of the Group that does not have an ACC, the board of directors of such company shall be in charge of approving the activities plan and budget proposed by such Audit Division.

4. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall periodically review their respective annual activity plans in order to evaluate the adequacy thereof to cover the risks identified and, if applicable, propose to the ARSC or to the relevant ACC for approval the changes they deem appropriate.

5. Compliance with the annual activities plan shall be one of the objectives of the director of the Internal Audit Area and of the heads of the Internal Audit Divisions.

Article 11. Activities Report and Recommendations

1. The director of the Internal Audit Area shall directly report to the ARSC (and the heads of the Internal Audit Divisions shall report to their corresponding ACCs) incidents occurring during the implementation of the budget and the annual work plan, and shall submit thereto a report on its activities at the end of each financial year. The report must contain at least a summary of the activities performed and reports issued during the financial year, explaining what work provided for in the annual plan has not been carried or performed without being provided for in the initial plan, as well as an inventory of weaknesses, recommendations and action plans.

2. In particular, the director of the Internal Audit Area shall regularly report to the ARSC (and the heads of the Internal Audit Divisions shall report to their corresponding ACCs) the recommendations resulting from the audit work thereof and on the status thereof, if applicable.

3. The director of the Internal Audit Area shall also regularly report to the ARSC on whether the members of senior management of the Company take into account the conclusions and recommendations contained in its reports.

TITLE V. POWERS AND DUTIES

Article 12. Powers

1. The Internal Audit Area, through its director, shall have access to the documentation, information or information systems it deems necessary or appropriate for the exercise of its powers, without prejudice to observing the law and the internal rules of the Company and its Group.

2. In the exercise of its powers, the Internal Audit Area may obtain assistance from any officer or employee of the Company, as well as from other specialised areas both within and outside of the Company.

3. The director of the Internal Audit Area shall act transparently, informing the affected parties of the purpose and scope of its activities whenever practicable.

4. The foregoing shall similarly apply to the heads of the Internal Audit Divisions.

Article 13. Duties

The members of the Internal Audit Area and of the Internal Audit Divisions must:

1. Act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.

2. Refrain from disclosing any information, data, reports or background information to which they may have access while in office, nor use any of the foregoing for their own benefit or that of third parties, without prejudice to any applicable duties of transparency and reporting. This duty of confidentiality shall survive even after the members no longer hold such position.
TITLE VI. COMPLIANCE, INTERPRETATION AND AMENDMENT

Article 14. Compliance
1. The members of the Internal Audit Area and of the Internal Audit Divisions have the obligation to know and comply with these Basic Regulations, for which purpose they shall be permanently published on the employee portal of the Group and shall form part of the management tools of the Internal Audit Area. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall also inform all of their members of any change in these Basic Regulations.

The professionals of the Group have the obligation to know these Basic Regulations to the extent they are affected hereby and to comply with the provisions applicable thereto, for which reason the director of the Internal Audit Area and the heads of the Internal Audit Divisions shall ensure the proper dissemination hereof.

2. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall have the duty to ensure compliance with these Basic Regulations.

Article 15. Interpretation
1. Any questions or disputes regarding the interpretation of the Basic Regulations shall be resolved by the director of the Internal Audit Area, who shall take into consideration the provisions of the Corporate Governance System, and if none apply, to the International Standards for the Professional Practice of Internal Auditing approved by the Institute of Internal Auditors (IIA). In the event of questions or conflicts, the director shall request the opinion of the ARSC.

2. The director of the Internal Audit Area shall inform the following of the standards of interpretation that have been adopted: (i) the heads of the Internal Audit Divisions; and (ii) the secretary of the ARSC, who in turn shall communicate them to the secretary of the Board of Directors.

Article 16. Amendment of the Basic Regulations
Any amendment to these Basic Regulations must be approved by Company’s Board of Directors, which amendment shall be submitted thereto by its chairman, at the proposal of the ARSC.

Without prejudice to the foregoing, the Board of Directors may make amendments to these Basic Regulations without a prior proposal from the ARSC within the context of reforms to the Corporate Governance System that make advisable or require technical non-substantive amendments to the Basic Regulations.
VI. Regulations of the Appointments Committee

21 July 2020

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Article 2. Approval, Amendment and Priority

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TITLE I. NATURE, OBJECT AND APPROVAL

Article 1. Nature and Object

1. Pursuant to the Corporate Governance System of IBERDROLA, S.A. (the "Company"), the Board of Directors establishes the Appointments Committee (the "Committee"), a permanent internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action and which shall be governed by the provisions set forth in the By-Laws, in the Regulations of the Board of Directors and in these Regulations of the Appointments Committee (the "Regulations").

2. The object of these Regulations is to favour the independence of the Committee and to determine the principles of conduct and the rules of internal operation thereof, without prejudice to the powers of the committees or equivalent bodies that may exist at companies, whether or not listed, belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the "Group").

3. These Regulations have been prepared taking into account the good governance recommendations generally accepted in international markets and form part of the Corporate Governance System.

Article 2. Approval, Amendment and Priority

1. These Regulations must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

2. Any amendment hereof must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

3. These Regulations further develop and supplement the provisions of the By-Laws and of the Regulations of the Board of Directors applicable to the Committee. The latter provisions shall prevail in the event of conflict with the former.

TITLE II. POWERS

Article 3. Powers regarding the Composition of the Board of Directors and of the Committees thereof and regarding the Process of Designation of Internal Positions of the Board of Directors and Members of Senior Management

In this regard, the Committee shall have the following main functions:

a. Advise the Board of Directors regarding the most appropriate configuration thereof and of its committees as regards size and equilibrium among the various classes of directors existing at any time. For such purpose, the Committee shall review the structure of the Board of Directors and of its committees on a regular basis, particularly when vacancies occur within such bodies.

b. Report on and review the criteria that should be followed in composing the Board of Directors and in selecting candidates, and particularly the necessary competence, knowledge and experience, and assess the time and dedication required for the proper performance of their work. In the exercise of this power, the Committee shall take into account, regarding non-executive directors, the relation between the number of proprietary directors and the number of independent directors, such that the composition of the Board of Directors reflects, as far as possible, the ratio of the Company’s voting share capital represented by proprietary directors to the rest of the share capital.

c. Ensure that the persons to be appointed to the office of director by means of any procedure meet the requirements of respectability, capability, expertise, competence, experience, qualifications, training, availability and commitment to their duties and that they are not affected, directly or indirectly, by any of the instances of disqualification from or prohibition against holding office or by having interests in conflict with or contrary to the corporate interest set forth in provisions of a general nature or in the Corporate Governance System; in so doing, the Committee shall endeavour to ensure that the selection of candidates provides adequate equilibrium to the Board of Directors as a whole, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters dealt with.

d. Periodically review and propose amendments to the Board of Directors Diversity and Member Selection Policy, verify compliance therewith on an annual basis and report thereon in the Annual Corporate Governance Report.
e. Ensure that when new vacancies are filled or new directors are appointed, the selection procedures are free from any implied bias entailing any kind of discrimination and, in particular, from any bias that may hinder the selection of female directors.

f. Establish a goal for representation by the less represented gender on the Board of Directors and prepare guidance on how to reach this objective, reporting on all of the foregoing in the *Annual Corporate Governance Report*.

g. Report on and make proposals regarding the appointment or removal of the members that must make up each of the committees, verifying and confirming compliance with the requirements of expertise, ability and experience in connection with the powers of the committee in question and, in particular, those of the Audit and Risk Supervision Committee.

h. Report on proposals relating to the appointment or removal of the chairman of the Board of Directors.

i. Report on proposals made by the chairman of the Board of Directors regarding the appointment or removal of the chief executive officer.

j. Examine and organise the succession of the chairman of the Board of Directors and of the chief executive of the Company and, if applicable, make proposals to the Board of Directors for the succession to occur in an orderly and well-planned fashion, in accordance with the succession plan approved by the Board of Directors.

k. Report on proposals from the chairman of the Board of Directors regarding the appointment or removal of the vice-chairman or vice-chairmen of the Board of Directors.

l. Submit to the Board of Directors a proposal for the appointment of a lead independent director (*consejero coordinador*) with the powers set forth in the Regulations of the Board of Directors in the event that the chairman of the Board of Directors performs executive duties, and report on proposals for removal of such director.

m. Report on proposals from the chairman of the Board of Directors regarding the appointment or removal of the secretary, and of the deputy secretary or deputy secretaries, if any, of the Board of Directors, the general secretary and the counsel.

n. Supervise the process of selecting candidates for members of senior management of the Company and report on the proposals of the Company’s chief executive regarding the appointment or removal of the members of senior management.

o. Report on or prepare the Company’s proposals regarding the appointment or removal of the independent directors of the unlisted country subholding companies as well as of the companies within the Group whose direct or indirect owner is not a country subholding company, and acknowledge the appointment or removal of independent directors of companies within the Group that are subsidiaries of unlisted country subholding companies. This duty shall be exercised within legal limits and within the framework of coordinating the interests of the Company and those of the companies within the Group.

p. Obtain from the chairman of the Board of Directors and from the chief executive officer the information required for the exercise of its powers regarding the directors at the companies within the Group and at those in which it has an interest, without prejudice to respecting the independence and uniqueness of those that are listed companies upon the terms set forth above.

q. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

**Article 4. Powers regarding the Selection of Candidates for Director**

In this regard, the Committee shall have the following main functions:

a. Review the criteria for selecting candidates for director and assist the Board of Directors in defining the profiles to be met by such candidates, taking into account the needs of the Board of Directors and based on the areas of the Board that require reinforcement, and ensuring that the selection procedures are free from any implied bias entailing any kind of discrimination and, in particular, from any bias that may hinder the selection of female directors.

b. Select possible candidates who might be appointed as directors of the Company and present its proposals or reports, as the case may be, to the Board of Directors through its chairman.

For these purposes, during the selection process, the chair or one of the members of the Committee shall meet with each of the candidates for director before issuing its report or proposal, recording in minutes the result of such and, at a minimum, the assessment deserved by the final candidates or those deemed suitable.
c. Verify that all candidates for director of the Company meet the general requirements provided by law and the Company’s Corporate Governance System.

d. Evaluate the qualities of the various candidates and assign them to one of the categories of directors contemplated in the By-Laws.

e. Inform the candidate for director, prior to proposing or reporting on the appointment thereof to the Board of Directors, regarding what is expected of the candidate in terms of dedication, participation on committees and commitment to the Company.

f. Bring proposed appointments of independent directors to the Board of Directors for appointment on an interim basis to fill a vacancy or for submission to a decision by the shareholders at a General Shareholders’ Meeting.

g. Verify compliance with the specific requirements for independent directors provided by law and the Corporate Governance System, and gather adequate information regarding their personal qualities, experience, knowledge and effective availability.

h. At the request of the chairman of the Board of Directors or any other member of the Board of Directors, report on the proposed appointment of other directors for appointment on an interim basis to fill a vacancy or for submission to a decision by the shareholders at a General Shareholders’ Meeting.

i. Report on proposals made by corporate directors regarding their individual representatives.

j. Report, in the case of proprietary directors, on the situation of the shareholder or shareholders that propose, request or decide upon the appointment of such directors, whatever the method and procedure for appointment, to the extent legally possible.

k. Request any information and documentation that it deems necessary or appropriate of the candidates for director, the individuals that are to represent corporate directors, and in the case of proprietary directors, the shareholders that propose, request or decide upon the appointment thereof, in order to prepare the proposals and reports referred to in the preceding sub-sections.

l. Verify the information contained in the Annual Corporate Governance Report regarding the reasons for which proprietary directors have been appointed at the request of shareholders with a shareholding interest of less than three per cent of the share capital of the Company, or for which there has been a failure to respond to formal requests for a presence on the Board of Directors by shareholders with a shareholding interest equal to or greater than that of others at whose request proprietary directors have been appointed.

Article 5. Powers regarding the Re-election of Directors and the Evaluation of the Board of Directors, its Committees and its Members

1. In this regard, the Committee shall have the following main functions:

   a. Establish and supervise an annual programme for continuous evaluation and review of the qualifications and, if applicable, independence of the directors, as well as of ongoing compliance thereby with the requirements of respectability, capability, expertise, competence, availability and commitment to their duties as directors and as members of a given committee, and propose to the Board of Directors such measures as it deems advisable in this regard, with the power to collect any information or documentation that it deems necessary or appropriate for such purposes.

   a. Coordinate the evaluation of the operation of the Board of Directors and of the committees thereof, and submit to the full board the results of said evaluation together with a proposed action plan or with recommendations to correct any potential detected deficiencies or to improve the operation of the Board of Directors or the committees thereof.

   In particular, the Committee shall annually coordinate the evaluation of:

   i. The operation and quality of the work of the Board of Directors and of the committees thereof, including the level of actual utilisation by these bodies of the contributions of their respective members.

   ii. The size, composition and diversity of the Board of Directors and of the committees thereof.

   iii. The performance of duties by the chairman of the Board of Directors, under the direction of the lead independent director, and by the CEO of the Company.

   iv. The performance and contribution of each director, paying special attention to those heading the various committees.
v. The frequency and duration of the meetings.

vi. The content of the agenda and the sufficiency of the time dedicated to discussing the various issues based on the importance thereof.

vii. The quality of the information received.

viii. The breadth and openness of the debates, avoiding “groupthink”.

ix. Whether the decision-making process within the Board of Directors or any of the committees is dominated or strongly influenced by a member or small group of members.

For such purpose, the chair of the Committee shall organise and coordinate with the chairman of the Board of Directors and the chairs of the other committees the participation of their members in the evaluation process.

As part of the evaluation, the Committee shall also monitor the attendance of the directors at meetings.

The chair of the Committee and, if they so deem appropriate, the chairman of the Board of Directors and the lead independent director, shall also report to each director the results of their personal evaluation and any measures to be adopted to improve performance.

c. Examine, prior to the end of the term for which a director has been appointed, the advisability of the director’s re-election, as well as the director’s continuance, if applicable, on the committees of the Board of Directors of which such director is a member.

d. Verify that the director to be re-elected continues to comply with the general requirements applicable to all directors of the Company pursuant to law and the Company’s Corporate Governance System, as well as evaluate the quality of work and dedication to office of the director in question during the preceding term of office and, specifically, such director’s respectability, capability, expertise, competence, experience, qualifications, availability and commitment to the duties entrusted thereto.

e. Submit to the Board of Directors, once the procedures described in the preceding sub-sections have been completed, its proposal (in the case of independent directors) or report (in the case of the other directors) regarding the re-election of directors.

2. To perform the evaluations, the Committee shall have the internal means it deems appropriate in each case, and the support of independent external consultants at least every three years. Consultants supporting the Appointments Committee in the exercise of its powers of evaluation provided for in this article shall be different from any that advise the Company in the process of selecting directors or members of senior management or in relation to the remuneration thereof.

Article 6. Powers relating to the Management and Promotion of Talent

In this regard, the Committee shall have the following main functions:

a. In formulating a proposal or issuing a report within the scope of its powers, give special consideration to the potential impact that the decision submitted to the Board of Directors might have on the Company’s talent management and promotion strategy and endeavour to ensure the professional growth of the executive directors and members of senior management.

b. With the support of the Remuneration Committee, from which it may request a corresponding report, verify that the processes for selecting candidates for executive director and member of senior management favours the recruitment of the best professionals.

c. Analyse and monitor best practices at the international level in the area of recruiting, retention, management and promotion of talent.

d. Stay informed of the implementation of measures adopted at the Group level to recruit, retain, manage and promote talent, and particularly the programmes for training and monitoring members of management established pursuant to the provisions of the General Corporate Governance Policy.

Article 7. Powers regarding the Removal and Cessation of Office of Directors

In this regard, the Committee shall have the following main functions:

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a. Inform the Board of Directors regarding proposed removals due to breach of the duties inherent to the position of director or due to a director becoming affected by supervening circumstances of mandatory resignation or cessation of office.

b. Receive and analyse the decisions of the Compliance Unit regarding irregularities or acts contrary to law or the rules of the Corporate Governance System that affect members of the Board of Directors, and propose the admonishment or removal thereof or any other measure deemed appropriate based on the conclusions reached in preparing the investigative file.

c. Propose the removal of directors in the event of disqualification, structural conflict of interest or any other reason for resignation or cessation of office, pursuant to law or the Corporate Governance System.

d. For the purposes set forth in the preceding sub-sections, request through the chairman of the Board of Directors the information or documents it deems necessary or appropriate of the directors, the individuals that are to represent the corporate directors and, in the case of proprietary directors, the shareholders that have proposed, requested or decided upon the appointment thereof.

e. If the cessation in office is due to the resignation of the director, evaluate any information contained in the letter that the outgoing directors has sent to the Board of Directors and ensure that there is appropriate publicity regarding the reasons and circumstances for the cessation in office, including an explanation of the reasons therefor in the Annual Corporate Governance Report.

Article 8. Other Powers Entrusted to the Committee

The Committee shall also have the following functions:

a. Report in advance to the Board of Directors regarding the matters within its purview under title IX of the Regulations of the Board of Directors.

b. Report to the Board of Directors or, in urgent cases, to the Executive Committee, prior to the approval thereof, regarding transactions that the Company or the companies forming part of its Group are going to carry out with the directors or with shareholders that hold an interest legally considered as significant at any time or that have proposed the appointment of any of the directors of the Company, or with their respective related persons. As an exception, the transactions between the persons mentioned above and the listed companies of the Group or their subsidiaries shall not be subject to a prior report from this Committee when such listed companies have corporate governance rules similar to those of the Company that provide that such transactions shall fall within the purview of their own corporate decision-making bodies.

c. Ensure that the transactions mentioned in the letter above are conducted under arm’s length conditions and with due observance of the principle of equal treatment of shareholders.

d. Within the first three months following the close of each financial year of the Company, prepare and make available to the shareholders through the Company’s corporate website on occasion of the call to the General Shareholders’ Meeting, a report on the transactions referred to in letter b) above.

e. Report on the proposed appointment and removal of the chair of the Compliance Unit, as well as of the secretary and director thereof.

f. Verify that the information published by the Company on its corporate website regarding directors and senior management is sufficient and appropriate and follows applicable good corporate governance recommendations.

TITLE III. COMPOSITION

Article 9. Composition

1. The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

2. The Board of Directors shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, particularly in the following areas: corporate governance, strategic human resources analysis and evaluation, selection of directors and management personnel, and performance of senior management duties.
3. Within the aforementioned limits, the Committee may submit to the Board of Directors a proposal for amendment of the number of Committee members when it is deemed that such number will contribute to the more efficient operation of the Committee.

4. Diversity shall be sought in the composition thereof, particularly as regards, gender, professional experience, competencies, industry knowledge and geographic origin.

**Article 10. Positions**

1. The Board of Directors shall appoint a chair of the Committee from among the independent directors forming part thereof, who must be a director with sufficient capacity and availability to provide greater dedication to the Committee than the rest of the members thereof.

2. The Board of Directors shall also appoint a secretary of the Committee, who need not be a director.

**Article 11. Term of Office**

1. Committee members shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

2. Committee members who are re-elected as directors of the Company by resolution of the shareholders at a General Shareholders’ Meeting shall continue in their positions on the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

**Article 12. Cessation of Office**

Committee members shall cease to hold office:

a. When they cease to be directors of the Company.

b. When they cease to be non-executive directors, even if they continue as directors of the Company.

c. Upon expiration of the maximum term for which they were appointed without being re-elected.

d. By resolution of the Board of Directors.

**TITLE IV. TRAINING**

**Article 13. Orientation Programme**

In order for new members of the Committee to be able to actively perform their duties as from their appointment, the Orientation Programme provided for in the *Regulations of the Board of Directors* shall be made available to them on the directors’ website.

**Article 14. Training Programme**

The Committee shall have a periodic training plan that ensures the refreshment of knowledge relating to the scope of the powers thereof, and particularly regarding the selection of directors and members of senior management, as well as the management and promotion of talent.

**TITLE V. OPERATION**

**Article 15. Annual Work Plan**

1. Before the beginning of each financial year, the Committee shall approve an annual work plan that contemplates at least the following aspects:

a. The specific goals established for the financial year relating to each of the powers of the Committee, especially those that might be new or relate to significant issues.
b. Issues that should be dealt with on a recurring or one-time basis during the financial year.

c. The planning of the training deemed appropriate for the proper performance of the duties thereof.

2. This planning shall take into account that the members of the Committee have responsibilities, mainly of supervision and advice, and should not intervene in the performance or management of matters within the authority of the Company’s management.

Article 16. Schedule and Meetings

1. Once the annual meeting schedule of the Board of Directors has been approved, the chair and the secretary of the Committee shall prepare a proposed annual schedule for the meetings of the Committee during the first month of the financial year, ensuring that the number of meetings is not less than three and does not exceed seven per year and that they are held on days prior to the meetings of the Board of Directors.

2. Preparation of the proposed schedule must consider the time to be devoted to the various duties of the Committee and must take into account the meeting schedule of the Board of Directors and the date for holding the General Shareholders’ Meeting, in order to prepare any reports or proposals to be submitted regarding the matters to be dealt with, as well as the report on the activities of the Committee referred to in article 27 below.

3. The proposed schedule shall include the tentative agendas and any appearances that may be deemed necessary. This proposal shall systematically reflect the tentative agenda for the meetings, planning fixed sections for issues that are dealt with on a recurring basis, and other sections for issues that are only dealt with at particular meetings.

4. The secretary of the Committee shall send the proposed schedule to the secretary of the Board of Directors for validation and subsequent preparation of the meeting schedule of the corporate decision-making bodies, pursuant to the provisions of article 29.7 of the Regulations of the Board of Directors. Once the proposed schedule is validated by the Office of the Secretary of the Board of Directors, the Committee shall approve the annual meeting schedule.

5. Where appropriate, the meeting schedule shall be supplemented with the scheduling of preparatory work sessions or meetings on specific issues.

6. Without prejudice to the provisions of the preceding sections, the Committee shall meet as many times as the chair thereof deems is necessary to exercise the powers entrusted thereto, as well as when requested by at least two of its members. Prior to sending a call to a meeting not provided for in the meeting schedule of the corporate decision-making bodies, the secretary of the Committee shall send to the secretary of the Board of Directors for validation the date, agenda and any appearances that may be deemed necessary.

7. The chairman of the Board of Directors and the chief executive officer may request informational meetings with the Committee on an exceptional basis.

Article 17. Call to Meeting

1. The secretary of the Committee shall, by order of the chair thereof, call the Committee to meeting at least eight days in advance thereof, except in the case of urgent meetings.

2. The call to meeting shall be carried out by any means allowing for receipt thereof and shall include the agenda for the meeting and the documentation expected to be made available to the members of the Committee, which shall first be reviewed by the Office of the Secretary of the Board of Directors to ensure the consistency thereof with the meeting schedule of the corporate decision-making bodies and the Corporate Governance System.

3. No prior call to a meeting of the Committee shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.

Article 18. Place of Meetings

1. Meetings of the Committee shall be held in person at the place designated in the call to meeting.

2. If so decided by the chair of the Committee on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The members of the Committee in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Committee for all purposes.
Article 19. Establishment of a Quorum

1. A valid quorum for Committee meetings shall be established with the attendance, in person or by proxy, of a majority of its members.

2. The chair of the Committee shall preside over the meeting. In the event of the vacancy, illness, incapacity or absence of the chair of the Committee, the meeting shall be chaired by the director having the longest length of service on the Committee, and if equal lengths of service, by the oldest.

3. The secretary of the Committee shall act as secretary for the meeting. In the event of vacancy, illness, incapacity or absence of the secretary of the Committee, the person appointed by the Committee for such purpose shall act as secretary.

4. Committee members may give a proxy to another member by notice delivered by any of the means set forth in article 17 above, addressed to the secretary of the Committee and including the terms on which the proxy is given. However, they may not give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.

5. On an exceptional basis, based on the circumstances in each case, the chair of the Committee may authorise the attendance at the meeting of one or more members by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time. Members connected remotely shall be deemed for all purposes to have attended the meeting of the Committee.

Article 20. Resolutions

1. Resolutions of the Committee shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Committee shall have the tie-breaking vote.

2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Committee or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter, shall be made available to all of the directors and shall be entered in a book of minutes of the Committee.

3. The Committee shall consult the chairman of the Board of Directors and the chief executive of the Company prior to adopting resolutions on matters relating to the executive directors.

Article 21. Conflicts of Interest

When matters to be dealt with at a meeting of the Committee directly affect one of its members or persons related thereto and, in general, when such member is subject to a conflict of interest situation (upon the terms established in the Regulations of the Board of Directors), such member must leave the meeting until a decision is made, and such member shall be subtracted from the number of Committee members for purposes of calculating the quorum and majorities with respect to the matter at hand.

Article 22. Attendance

1. At the request of the chair of the Committee, addressed for such purpose to the chairman of the Board of Directors, any director may be asked to attend the meetings thereof.

2. By means of a reasoned request, the chair of the Committee may also request, through the secretary of the Board of Directors, the attendance of any director, member of senior management or professional of the Group as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the Committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

3. Persons who are not members of the Committee may not attend meetings thereof when the matters dealt with are outside the scope of the powers or duties of such persons.

4. The presence of members of management, professionals or other directors, whether executive or not, at meetings of the Committee shall be on an occasional basis and only when required, after an invitation from the chair of the Committee, shall be strictly limited to those items on the agenda for which they are called, and they shall not attend the decision-making portion of the Committee’s meetings. The chair may authorise the remote attendance thereof using the communication systems described in article 19.5 above, if he so deems appropriate. The secretary shall record the entries and exits of guests at meetings in the minutes.

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TITLE VI. POWERS OF THE COMMITTEE, PARTICIPATION AND RIGHTS TO RECEIVE INFORMATION OF THE MEMBERS THEREOF, DUTIES AND EVALUATION OF THE OPERATION THEREOF

Article 23. Powers and Advice

1. The Committee may, through the secretary of the Board of Directors, freely access any information or documents available at the Company relating to the matters that are within the Committee’s area of authority and that it deems necessary to perform its duties.

2. The Committee may also seek, at the Company’s expense, cooperation or advice from outside professionals, who shall address their reports directly to the chair of the Committee. In such case, the Committee shall ensure that potential conflicts of interest do not prejudice the independence of the outside advice received.

Article 24. Participation and Rights to Receive Information

1. In order to promote a diversity of opinions that enriches the analysis and proposals of the Committee, the chair of the Committee shall ensure that all of the members freely participate in the deliberations, without being affected by internal or third-party pressures, and shall encourage constructive dialogue among them, promoting free expression and a critical attitude.

2. The chair of the Committee shall channel and provide the information and documentation required to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse it and prepare for the meeting.

Article 25. Duties of Committee Members

1. Committee members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence. In particular, attendance at meetings of the Committee shall be preceded by the sufficient dedication of its members to analyse and evaluate the information received.

2. In exercising their powers, the members of the Committee shall comply with the provisions of these Regulations and applicable law on professional scepticism and critical attitude regarding the conclusions reached by the executive directors and members of senior management of the Company, acknowledging the arguments for and against, and with each of the members, and the Committee as a whole, forming their and its own position.

3. Committee members are subject as such to all of the duties of a director set forth in the Regulations of the Board of Directors, to the extent they are applicable to the responsibilities discharged by the Committee.

Article 26. Information to the Board of Directors

The chair of the Committee shall inform the Board of Directors, at the next meeting thereof following the meetings of the committee, of the matters dealt with and the resolutions adopted during its meetings.

Article 27. Information to the Shareholders at the General Shareholders’ Meeting

1. Pursuant to the provisions of the Regulations of the Board of Directors, the Activities Report of the Board of Directors and of the Committees thereof, which shall include information regarding the operation and the activities of the Committee during the preceding financial year, shall be made available to the shareholders and the other Stakeholders for purposes of the call to the General Shareholders’ Meeting.

2. In particular, the section of the Activities Report of the Board of Directors and of the Committees thereof regarding the Committee must allow the shareholders and other interested parties to understand the activities performed by the Committee during the financial year in question, for which reason the publication must contain at least the following aspects:
   a. Description of the regulation of the Committee.
   b. Composition of the Committee during the financial year, including the classification and seniority of each of...
the members thereof, as well as the significant abilities in terms of knowledge and experience contributed by each member.

c. The standards used to determine and the rationale explaining the composition of the Committee, particularly in relation to the appointment of members who are not independent directors.

d. Duties and work performed during the financial year by the Committee, changes therein during the fiscal year and reference to these Regulations.

e. Meetings held during the financial year and number of attendees, including whether non-members of the Committee have been invited.

f. Significant activities during the period (reporting those that have been performed with the assistance of external experts).

g. Evaluation of the operation and performance of the Committee, as well as of the methods used to assess the effectiveness thereof.

h. Independence and conflicts of interest of external advisors, experts and consultants.

i. Information regarding which domestic or international practical guides on appointment committees are being followed, if any, and to what extent.

j. Significant deviations from the procedures adopted or improprieties of which the Board of Directors has been notified in writing in areas within the purview of the Committee.

Article 28. Evaluation

1. Within the framework of the annual evaluation provided for in the Regulations of the Board of Directors, the Committee shall independently evaluate the performance thereof in order to strengthen the operation thereof and improve planning for the next financial year, for which purpose it shall ask the opinion of the other directors.

2. In the interest of greater transparency, the Activities Report of the Board of Directors and of the Committees thereof shall state the extent to which the evaluation has caused significant changes in the organisation and procedures of the Committee.

TITLE VII. COMPLIANCE, DISSEMINATION AND INTERPRETATION

Article 29. Compliance and Dissemination

1. The members of the Committee, as well as the other members of the Board of Directors to the extent they are affected, have the obligation to know and comply with these Regulations, for which purpose the secretary of the Board of Directors shall post them on the directors’ website and on the Company’s corporate website.

2. In addition, the Committee shall have the obligation to ensure compliance with these Regulations and to adopt appropriate measures for the required dissemination thereof among the rest of the organisation.

Article 30. Interpretation

1. These Regulations shall be interpreted in accordance with law and the Corporate Governance System.

2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by the Committee itself, and in the absence of such resolution, by the chair of the Committee, who shall be assisted by such persons, if any, as may be appointed by the Board of Directors for such purpose. The Board of Directors shall be informed of the interpretation and resolution of the questions or disputes that may have arisen.

3. In the absence of a specific rule, the provisions of the Regulations of the Board of Directors regarding the operation of the Board and, in particular, those regarding the call to meetings, granting of a proxy to another director, establishment of a quorum, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Committee to the extent that they are not inconsistent with the nature thereof.
VII. Regulations of the Remuneration Committee

24 June 2020

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TITLE I. NATURE, OBJECT AND APPROVAL

Article 1. Nature and Object

1. Pursuant to the Corporate Governance System of IBERDROLA, S.A. (the “Company”), the Board of Directors establishes the Remuneration Committee (the “Committee”), a permanent internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action and which shall be governed by the provisions set forth in the By-Laws, in the Regulations of the Board of Directors and in these Regulations of the Remuneration Committee (the “Regulations”).

2. The object of these Regulations is to favour the independence of the Committee and to determine the principles of conduct and the rules of internal operation thereof, without prejudice to the powers of the committees or equivalent bodies that may exist at companies, whether or not listed, belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”).

3. These Regulations have been prepared taking into account the good governance recommendations generally accepted in international markets and form part of the Corporate Governance System.

Article 2. Approval, Amendment and Priority

1. These Regulations must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

2. Any amendment hereof must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

3. These Regulations further develop and supplement the provisions of the By-Laws and of the Regulations of the Board of Directors applicable to the Committee. The latter provisions shall prevail in the event of conflict with the former.

TITLE II. POWERS

Article 3. Powers

The Committee shall have the following main functions:

a. Propose to the Board of Directors the policies on remuneration of the directors and members of senior management and periodically review them, proposing any amendment and update thereof to the Board of Directors.

   If the services of an external advisor are used to prepare the Director Remuneration Policy, the Committee shall properly assess the independence of said advisor.

b. Propose to the Board of Directors the system and amount of annual director remuneration, as well as the individual remuneration of executive directors and other basic terms of their contracts, including any compensation or indemnification payable in the event of removal, in any event pursuant to the provisions of the Corporate Governance System and the director remuneration policy approved by the shareholders at the General Shareholders’ Meeting.

   In particular, the Committee shall ensure that the Board of Directors is able to approve in advance the application thereof and the objectives, standards and metrics of the various items of remuneration established for the current financial year, in accordance with the director remuneration policy approved by the shareholders at the General Shareholders’ Meeting.

   The Committee shall also ensure that the Board of Directors is able to evaluate the achievement of the objectives, standards and metrics established the prior year that determine the variable remuneration accrued by the executive directors during said financial year. All sufficiently in advance of the date of publication of the Annual Director Remuneration Report in order for it to contain all necessary information with a sufficient level of detail.

c. Know the remuneration established for the independent directors of the companies of the Group.
d. Report on and submit to the Board of Directors the proposals of the Company’s chief executive regarding the structure of the remuneration payable to the members of senior management and the basic terms of their contracts.

e. Report on incentive plans and pension supplements for the Group’s workforce, excluding those of the listed country subholding countries and those of the subsidiaries thereof.

f. Each time that there are material changes in the contracts or that there will be changes in the policies, verify that the terms and conditions of the contracts of the executive directors and of senior management are consistent with current remuneration policies or with those proposed by the Board of Directors, as applicable.

g. Conduct a periodic review of the general remuneration programmes for the Group’s workforce, evaluating the adequacy and results thereof.

h. Ensure compliance with the remuneration programmes of the Company and report on the documents to be approved by the Board of Directors for general dissemination regarding information on remuneration, including the Annual Director Remuneration Report and the applicable sections of the Company’s Annual Corporate Governance Report.

i. Verify each year that the remuneration policies of the directors and of the senior officers are properly applied, that no payments are made that are not provided for therein, whether circumstances have occurred justifying the application of the malus or claw-back clauses provided for in the contracts of the senior executives and members of senior management, and propose any appropriate measures to recover the amounts that might apply.

j. Verify that the information published by the Company on its corporate website regarding remuneration is sufficient and appropriate and follows applicable good corporate governance recommendations.

TITLE III. COMPOSITION

Article 4. Composition

1. The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

2. The Board of Directors shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, and particularly regarding corporate governance, policy design and remuneration plans for directors and senior management.

3. Within the aforementioned limits, the Committee may submit to the Board of Directors a proposal for amendment of the number of Committee members when it is deemed that such number will contribute to the more efficient operation of the Committee.

4. Diversity shall be sought in the composition thereof, particularly as regards, gender, professional experience, competencies, industry knowledge and geographic origin.

Article 5. Positions

1. The Board of Directors shall appoint a chair of the Committee from among the independent directors forming part thereof, who must be a director with sufficient capacity and availability to provide greater dedication to the Committee than the rest of the members thereof.

2. The Board of Directors shall also appoint a secretary of the Committee, who need not be a director.

Article 6. Term of Office

1. Committee members shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

2. Committee members who are re-elected as directors of the Company by resolution of the shareholders at a General Shareholders’ Meeting shall continue in their positions on the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.
Article 7. Withdrawal

Committee members shall cease to hold office:

a. When they cease to be directors of the Company.

b. When they cease to be non-executive directors, even if they continue as directors of the Company.

c. Upon expiration of the maximum term for which they were appointed without being re-elected.

d. By resolution of the Board of Directors.

TITLE IV. TRAINING

Article 8. Orientation Programme

In order for new members of the Committee to be able to actively perform their duties as from their appointment, the Orientation Programme provided for in the Regulations of the Board of Directors shall be made available to them on the directors’ website.

Article 9. Training Programme

The Committee shall have a periodic training plan that ensures the refreshment of knowledge relating to new developments in the area of remuneration.

TITLE V. OPERATION

Article 10. Annual Work Plan

1. Before the beginning of each financial year, the Committee shall approve an annual work plan that contemplates at least the following aspects:

a. The specific goals established for the financial year relating to each of the powers of the Committee, especially those that might be new or relate to significant issues.

b. Issues that should be dealt with on a recurring or one-time basis during the financial year.

c. The planning of the training deemed appropriate for the proper performance of the duties thereof.

2. This planning shall take into account that the members of the Committee have responsibilities, mainly of supervision and advice, and should not intervene in the performance or management of matters within the authority of the Company’s management.

Article 11. Schedule and Meetings

1. Once the annual meeting schedule of the Board of Directors has been approved, the chair and the secretary of the Committee shall prepare a proposed annual schedule for the meetings of the Committee during the first month of the financial year, ensuring that the number of meetings is not less than three and does not exceed seven per year and that they are held on days prior to the meetings of the Board of Directors.

2. Preparation of the proposed schedule must consider the time to be devoted to the various duties of the Committee and must take into account the meeting schedule of the Board of Directors and the date for holding the General Shareholders’ Meeting, in order to prepare any reports or proposals to be submitted regarding the matters to be dealt with, as well as the report on the activities of the Committee referred to in article 22 below.

3. The proposed schedule shall include the tentative agendas and any appearances that may be deemed necessary. This proposal shall systematically reflect the tentative agenda for the meetings, planning fixed sections for issues that are dealt with on a recurring basis, and other sections for issues that are only dealt with at particular meetings.

4. The secretary of the Committee shall send the proposed schedule to the secretary of the Board of Directors for validation and subsequent preparation of the meeting schedule of the corporate decision-making bodies, pursuant to the provisions of article 29.7 of the Regulations of the Board of Directors. Once the proposed schedule is validated by the Office of the Secretary of the Board of Directors, the Committee shall approve the annual meeting schedule.

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5. Where appropriate, the meeting schedule shall be supplemented with the scheduling of preparatory work sessions or meetings on specific issues.

6. Without prejudice to the provisions of the preceding sections, the Committee shall meet as many times as the chair thereof deems is necessary to exercise the powers entrusted thereto, as well as when requested by at least two of its members. Prior to sending a call to a meeting not provided for in the meeting schedule of the corporate decision-making bodies, the secretary of the Committee shall send to the secretary of the Board of Directors for validation the date, agenda and any appearances that may be deemed necessary.

7. The chairman of the Board of Directors and the chief executive officer may request informational meetings with the Committee on an exceptional basis.

**Article 12. Call to Meeting**

1. The secretary of the Committee shall, by order of the chair thereof, call the Committee to meeting at least eight days in advance thereof, except in the case of urgent meetings.

2. The call to meeting shall be carried out by any means allowing for receipt thereof and shall include the agenda for the meeting and the documentation expected to be made available to the members of the Committee, which shall first be reviewed by the Office of the Secretary of the Board of Directors to ensure the consistency thereof with the meeting schedule of the corporate decision-making bodies and the Corporate Governance System.

3. No prior call to a meeting of the Committee shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.

**Article 13. Place of Meetings**

1. Meetings of the Committee shall be held in person at the place designated in the call to meeting.

2. If so decided by the chair of the Committee on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The members of the Committee in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Committee for all purposes.

**Article 14. Establishment of a Quorum**

1. A valid quorum for Committee meetings shall be established with the attendance, in person or by proxy, of a majority of its members.

2. The chair of the Committee shall preside over the meeting. In the event of the vacancy, illness, incapacity or absence of the chair of the Committee, the meeting shall be chaired by the director having the longest length of service on the Committee, and if equal lengths of service, by the oldest.

3. The secretary of the Committee shall act as secretary for the meeting. In the event of vacancy, illness, incapacity or absence of the secretary of the Committee, the person appointed by the Committee for such purpose shall act as secretary.

4. Committee members may give a proxy to another member by notice delivered by any of the means set forth in article 12 above, addressed to the secretary of the Committee and including the terms on which the proxy is given. However, they may not give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.

5. On an exceptional basis, based on the circumstances in each case, the chair of the Committee may authorise the attendance at the meeting of one or more members by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time. Members connected remotely shall be deemed for all purposes to have attended the meeting of the Committee.

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Article 15. Resolutions

1. Resolutions of the Committee shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Committee shall have the tie-breaking vote.

2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Committee or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter, shall be made available to all of the directors and shall be entered in a book of minutes of the Committee.

3. The Committee shall consult the chairman of the Board of Directors and the chief executive of the Company prior to adopting resolutions on matters relating to the executive directors.

Article 16. Conflicts of Interest

When matters to be dealt with at a meeting of the Committee directly affect one of its members or persons related thereto and, in general, when such member is subject to a conflict of interest situation (upon the terms established in the Regulations of the Board of Directors), such member must leave the meeting until a decision is made, and such member shall be subtracted from the number of Committee members for purposes of calculating the quorum and majorities with respect to the matter at hand.

Article 17. Attendance

1. At the request of the chair of the Committee, addressed for such purpose to the chairman of the Board of Directors, any director may be asked to attend the meetings thereof.

2. By means of a reasoned request, the chair of the Committee may also request, through the secretary of the Board of Directors, the attendance of any director, member of senior management or professional of the Group as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the Committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

3. Persons who are not members of the Committee may not attend meetings thereof when the matters dealt with are outside the scope of the powers or duties of such persons.

4. The presence of members of management, professionals or other directors, whether executive or not, at meetings of the Committee shall be on an occasional basis and only when required, after an invitation from the chair of the Committee, shall be strictly limited to those items on the agenda for which they are called, and they shall not attend the decision-making portion of the Committee’s meetings. The chair may authorise the remote attendance thereof using the communication systems described in article 14.5 above, if he so deems appropriate. The secretary shall record the entries and exits of guests at meetings in the minutes.

TITLE VI. POWERS OF THE COMMITTEE, PARTICIPATION AND RIGHTS TO RECEIVE INFORMATION OF THE MEMBERS THEREOF, DUTIES AND EVALUATION OF THE OPERATION THEREOF

Article 18. Powers and Advice

1. The Committee may, through the secretary of the Board of Directors, freely access any information or documents available at the Company relating to the matters that are within the Committee’s area of authority and that it deems necessary to perform its duties.

2. The Committee may also seek, at the Company’s expense, cooperation or advice from outside professionals, who shall address their reports directly to the chair of the Committee. In such case, the Committee shall ensure that potential conflicts of interest do not prejudice the independence of the outside advice received.
Article 19. Participation and Rights to Receive Information

1. In order to promote a diversity of opinions that enriches the analysis and proposals of the Committee, the chair of the Committee shall ensure that all of the members freely participate in the deliberations, without being affected by internal or third-party pressures, and shall encourage constructive dialogue among them, promoting free expression and a critical attitude.

2. The chair of the Committee shall channel and provide the information and documentation required to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse it and prepare for the meeting.

Article 20. Duties of Committee Members

1. Committee members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence. In particular, attendance at meetings of the Committee shall be preceded by the sufficient dedication of its members to analyse and evaluate the information received.

2. In exercising their powers, the members of the Committee shall comply with the provisions of these Regulations and applicable law on professional scepticism and critical attitude regarding the conclusions reached by the executive directors and members of senior management of the Company, acknowledging the arguments for and against, and with each of the members, and the Committee as a whole, forming their and its own position.

3. Committee members are subject as such to all of the duties of a director set forth in the Regulations of the Board of Directors, to the extent they are applicable to the responsibilities discharged by the Committee.

Article 21. Information to the Board of Directors

The chair of the Committee shall inform the Board of Directors, at the next meeting thereof following the meetings of the committee, of the matters dealt with and the resolutions adopted during its meetings.

Article 22. Information to the Shareholders at the General Shareholders’ Meeting

1. Pursuant to the provisions of the Regulations of the Board of Directors, the Activities Report of the Board of Directors and of the Committees thereof, which shall include information regarding the operation and the activities of the Committee during the preceding financial year, shall be made available to the shareholders and the other Stakeholders for purposes of the call to the General Shareholders’ Meeting.

2. In particular, the section of the Activities Report of the Board of Directors and of the Committees thereof regarding the Committee must allow the shareholders and other interested parties to understand the activities performed by the Committee during the financial year in question, for which reason the publication must contain at least the following aspects:

   a. Description of the regulation of the Committee.

   b. Composition of the Committee during the financial year, including the classification and seniority of each of the members thereof, as well as the significant abilities in terms of knowledge and experience contributed by each member.

   c. The standards used to determine and the rationale explaining the composition of the Committee, particularly in relation to the appointment of members who are not independent directors.

   d. Duties and work performed during the financial year by the Committee, changes therein during the fiscal year and reference to these Regulations.

   e. Meetings held during the financial year and number of attendees, including whether non-members of the Committee have been invited.

   f. Significant activities during the period (reporting those that have been performed with the assistance of external experts).

   g. Evaluation of the operation and performance of the Committee, as well as of the methods used to assess the effectiveness thereof.

   h. Independence and conflicts of interest of external advisors, experts and consultants.

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i. Information regarding which domestic or international practical guides on remuneration committees are being followed, if any, and to what extent.

j. Significant deviations from the procedures adopted or improprieties of which the Board of Directors has been notified in writing in areas within the purview of the Committee.

Article 23. Evaluation

1. Within the framework of the annual evaluation provided for in the Regulations of the Board of Directors, the Appointments Committee shall coordinate the evaluation of the Committee’s performance in order to strengthen the operation thereof and improve planning for the next financial year, for which purpose it shall ask the opinion of its members and of the other directors.

2. In the interest of greater transparency, the Activities Report of the Board of Directors and of the Committees thereof shall state the extent to which the evaluation has caused significant changes in the organisation and procedures of the Committee.

TITLE VII. COMPLIANCE, DISSEMINATION AND INTERPRETATION

Article 24. Compliance and Dissemination

1. The members of the Committee, as well as the other members of the Board of Directors to the extent they are affected, have the obligation to know and comply with these Regulations, for which purpose the secretary of the Board of Directors shall post them on the directors’ website and on the Company’s corporate website.

2. In addition, the Committee shall have the obligation to ensure compliance with these Regulations and to adopt appropriate measures for the required dissemination thereof among the rest of the organisation.

Article 25. Interpretation

1. These Regulations shall be interpreted in accordance with law and the Corporate Governance System.

2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by the Committee itself, and in the absence of such resolution, by the chair of the Committee, who shall be assisted by such persons, if any, as may be appointed by the Board of Directors for such purpose. The Board of Directors shall be informed of the interpretation and resolution of the questions or disputes that may have arisen.

3. In the absence of a specific rule, the provisions of the Regulations of the Board of Directors regarding the operation of the Board and, in particular, those regarding the call to meetings, granting of a proxy to another director, establishment of a quorum, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Committee to the extent that they are not inconsistent with the nature thereof.
VIII. Regulations of the Sustainable Development Committee

21 July 2020

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TITLE I. NATURE, OBJECT AND APPROVAL

Article 1. Nature and Object

1. Pursuant to the Corporate Governance System of IBERDROLA, S.A. (the “Company”), the Board of Directors establishes the Sustainable Development Committee (the “Committee”), a permanent internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action and which shall be governed by the provisions set forth in the By-Laws, in the Regulations of the Board of Directors and in these Regulations of the Sustainable Development Committee (the “Regulations”).

2. The object of these Regulations is to favour the independence of the Committee and to determine the principles of conduct and the rules of internal operation thereof, without prejudice to the powers of the committees or equivalent bodies that may exist at companies, whether or not listed, belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”).

3. These Regulations have been prepared taking into account the good governance recommendations generally accepted in international markets and form part of the Corporate Governance System.

Article 2. Approval, Amendment and Priority

1. These Regulations must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

2. Any amendment hereof must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.

3. These Regulations further develop and supplement the provisions of the By-Laws and of the Regulations of the Board of Directors applicable to the Committee. The latter provisions shall prevail in the event of conflict with the former.

TITLE II. POWERS

Article 3. Powers regarding the Purpose and Values of the Iberdrola group

The Committee has the duty of advising the Board of Directors, within the scope of its powers, on the approval and amendment of the Purpose and Values of the Iberdrola group.

The Committee is also responsible for ensuring that the Company’s corporate culture is aligned with the Purpose and Values of the Iberdrola group.

Article 4. Powers regarding Sustainable Development

In this regard, the Committee shall have the following main functions:

a. Conduct a periodic review of the sustainable development policies, and particularly the environmental and social policies, and propose the amendment and update thereof to the Board of Directors.

b. Supervise and evaluate the processes of relations with the various Stakeholders.

c. Determine the general guidelines, standards and principles that should inform the preparation of the statement of non-financial information.

d. Verify that the content of the statement of non-financial information conforms to the Company’s sustainable development strategy and report thereon to the Board of Directors, prior to the preparation of said statement of non-financial information by the Board of Directors, taking into account the report prepared by the Audit and Risk Supervision Committee regarding the process of preparation and presentation thereof, as well as regarding the clarity and integrity of the content thereof.

e. Supervise the Company’s actions relating to sustainable development, and particularly that its environmental and social practices conform to the strategy and policies approved by the Board of Directors, and report thereon to the Board of Directors and to the Executive Committee, as appropriate.
f. Monitor the Group’s contribution to the achievement of the following objectives, based on the principles set out in the Sustainable Development Goals (SDGs) approved by the United Nations.

g. Be informed regarding the inclusion of the Group in the most widely recognised international sustainability indices.

h. Advise, within its area of authority, on matters such as employment, innovation, satisfaction, diversity, integration, non-discrimination, equality, conciliation, accessibility and mobility.

i. Foster a co-ordinated strategy for the Group’s social action and its sponsorship and patronage plans.

j. Report on the conduct of general interest and corporate social responsibility activities by entities in the nature of foundations related to the Group to which such activities have been entrusted.

k. Assess the Group’s status in connection with sustainable development and corporate social responsibility.

l. Advise the Board of Directors regarding compliance with and effects of the public initiatives launched in the various countries where the Group does business to promote sustainable development.

m. Assess draft bills on sustainable development, corporate social responsibility and related activities (equality, social and environmental variables in Government agreements, etc.) and their possible effects on the Group’s activities.

n. Be informed of the possible influence on the Group of European sustainable development and corporate social responsibility laws and regulations as well as of domestic, autonomous community and local laws dealing with corporate social responsibility.

o. Analyse voluntary initiatives and documents with recommendations concerning sustainable development and corporate social responsibility that appear in the market.

p. Disseminate internally the latest communication and responsible marketing trends.

q. Be informed of and advise the Board of Directors regarding the latest responsible innovation trends.

r. Be informed of best corporate practices using systematic measurement tools, in order to evaluate the corporate social responsibility positioning of competitor companies.

s. Review the various corporate social responsibility measurement and observation tools implemented at the domestic and international levels and provide recommendations to improve the positioning of the Group.

t. Issue such other reports and take such other actions in the area of sustainable development and corporate social responsibility as may also fall within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

For these purposes, the scope of sustainability and corporate social responsibility comprises the Group’s contribution to sustainable development, decarbonisation of the economy, respect for the surroundings and the environment, social action, quality and innovation, which are actualised in the principles, values and practices defined in the Purpose and Values of the Iberdrola group and in the General Sustainable Development Policy approved by the Board of Directors.

Article 5. Powers regarding Corporate Reputation

In this regard, the Committee shall have the following main functions:

a. Monitor the Company’s actions relating to corporate reputation and report thereon to the Board of Directors and to the Executive Committee, as appropriate.

b. Report on the corporate reputation contents of the Group’s annual reports prior to approval thereof by the Board of Directors.

c. Supervise the inclusion of elements to improve the management of intangible assets such as reputation, brand image, intellectual capital, internationalisation, transparency and ethics.

d. Report on the activities in the area of corporate reputation carried out by entities in the nature of foundations related to the Group.

e. Review the plans for implementation of the Company’s corporate reputation strategy and monitor the level of compliance therewith.

f. Issue such other reports and take such other actions in the area of corporate reputation as may also fall...
within its purview pursuant to the Corporate Governance System or as may be requested by the Board of Directors or the chairman thereof.

The scope of corporate reputation comprises matters relating to image management, brand, external communications, institutional relations and other aspects relating to the generation of trust and transparency towards its Stakeholders, as required under the Group’s corporate model and as determined by the Board of Directors.

**Article 6. Powers regarding the Company’s Corporate Governance and Regulatory Compliance**

In this regard, the Committee shall have the following main functions:

a. Conduct a periodic review of the Corporate Governance System, with special emphasis on the corporate governance policies, and propose to the Board of Directors, for the approval thereof or for submission to the shareholders at a General Shareholders’ Meeting, such amendments and updates as may contribute to the development and ongoing improvement thereof.

b. Monitor the Company’s corporate governance strategy.

c. Monitor compliance with legal requirements and with the rules and regulations of the Corporate Governance System, particularly in relation to the application of the Shareholder Engagement Policy and the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors, keeping track of the manner in which the Company communicates with and relates to small and medium-size shareholders.

d. Report on the Company’s Annual Corporate Governance Report prior to the approval thereof, obtaining for such purpose the reports of the Audit and Risk Supervision Committee, the Appointments Committee and the Remuneration Committee with respect to the sections of such report that are within its powers.

e. Issue its prior opinion on the annual report on the effectiveness of the Group’s compliance system prepared by the Compliance Unit and submit it to the Board of Directors.

f. Examine the level of compliance by the Company with generally recognised good governance recommendations and, if appropriate, of compliance therewith by the other companies of the Group.

g. Report on proposed amendments of the Code of Ethics.

h. Receive information from the Compliance Unit regarding proposed amendments of the Code of Ethics and regarding any significant issue relating to the application of and compliance with the Code of Ethics.

i. Use the Compliance Unit to review the Company’s internal policies and procedures in order to prevent improper conduct and identify policies or procedures that may be more effective in promoting the highest ethical standards.

j. Review and validate the annual operating budget of the Compliance Unit, for submission thereof to the Board of Directors through the chairman of the Board, as well as its annual activity plan, and endeavour to ensure that the Compliance Unit has the material and human resources required to discharge its duties.

k. Report on proposed amendments of the Regulations of the Board of Directors and of the Regulations of the Compliance Unit.

l. Verify that the information published by the Company on its corporate website regarding sustainable development, the Corporate Governance System and other areas within its purview is sufficient and appropriate and follows applicable good corporate governance recommendations.

**TITLE III. COMPOSITION**

**Article 7. Composition**

1. The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

2. The Board of Directors shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform.
3. Within the aforementioned limits, the Committee may submit to the Board of Directors a proposal for amendment of the number of Committee members when it is deemed that such number will contribute to the more efficient operation of the Committee.

4. Diversity shall be sought in the composition thereof, particularly as regards, gender, professional experience, competencies, industry knowledge and geographic origin.

**Article 8. Positions**

1. The Board of Directors shall appoint a chair of the Committee from among the independent directors forming part thereof, who must be a director with sufficient capacity and availability to provide greater dedication to the Committee than the rest of the members thereof.

2. The Board of Directors shall also appoint a secretary of the Committee, who need not be a director.

**Article 9. Term of Office**

1. Committee members shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

2. Committee members who are re-elected as directors of the Company by resolution of the shareholders at a General Shareholders’ Meeting shall continue in their positions on the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

**Article 10. Cessation of Office**

Committee members shall cease to hold office:

a. When they cease to be directors of the Company.

b. When they cease to be non-executive directors, even if they continue as directors of the Company.

c. Upon expiration of the maximum term for which they were appointed without being re-elected.

d. By resolution of the Board of Directors.

**TITLE IV. TRAINING**

**Article 11. Orientation Programme**

In order for new members of the Committee to be able to actively perform their duties as from their appointment, the Orientation Programme provided for in the Regulations of the Board of Directors shall be made available to them on the directors’ website.

**Article 12. Training Programme**

The Committee shall have a periodic training plan that ensures the refreshment of knowledge relating to the latest trends in the area of sustainable development, corporate social responsibility, the most significant risks relating to regulatory compliance, and best corporate governance practices in the international markets.

**TITLE V. OPERATION**

**Article 13. Annual Work Plan**

1. Before the beginning of each financial year, the Committee shall approve an annual work plan that contemplates at least the following aspects:

   a. The specific goals established for the financial year relating to each of the powers of the Committee, especially those that might be new or relate to significant issues.
b. Issues that should be dealt with on a recurring or one-time basis during the financial year.

c. The planning of the training deemed appropriate for the proper performance of the duties thereof.

2. This planning shall take into account that the members of the Committee have responsibilities, mainly of supervision and advice, and should not intervene in the performance or management of matters within the authority of the Company’s management.

Article 14. Schedule and Meetings

1. Once the annual meeting schedule of the Board of Directors has been approved, the chair and the secretary of the Committee shall prepare a proposed annual schedule for the meetings of the Committee during the first month of the financial year, ensuring that the number of meetings is not less than three and does not exceed seven per year and that they are held on days prior to the meetings of the Board of Directors.

2. Preparation of the proposed schedule must consider the time to be devoted to the various duties of the Committee and must take into account the meeting schedule of the Board of Directors and the date for holding the General Shareholders’ Meeting, in order to prepare any reports or proposals to be submitted regarding the matters to be dealt with, as well as the report on the activities of the Committee referred to in article 25 below.

3. The proposed schedule shall include the tentative agendas and any appearances that may be deemed necessary. This proposal shall systematically reflect the tentative agenda for the meetings, planning fixed sections for issues that are dealt with on a recurring basis, and other sections for issues that are only dealt with at particular meetings.

4. The secretary of the Committee shall send the proposed schedule to the secretary of the Board of Directors for validation and subsequent preparation of the meeting schedule of the corporate decision-making bodies, pursuant to the provisions of article 29.7 of the Regulations of the Board of Directors. Once the proposed schedule is validated by the Office of the Secretary of the Board of Directors, the Committee shall approve the annual meeting schedule.

5. Where appropriate, the meeting schedule shall be supplemented with the scheduling of preparatory work sessions or meetings on specific issues.

6. Without prejudice to the provisions of the preceding sections, the Committee shall meet as many times as the chair thereof deems is necessary to exercise the powers entrusted thereto, as well as when requested by at least two of its members. Prior to sending a call to a meeting not provided for in the meeting schedule of the corporate decision-making bodies, the secretary of the Committee shall send to the secretary of the Board of Directors for validation the date, agenda and any appearances that may be deemed necessary.

7. The chairman of the Board of Directors and the chief executive officer may request informational meetings with the Committee on an exceptional basis.

Article 15. Call to Meeting

1. The secretary of the Committee shall, by order of the chair thereof, call the Committee to meeting at least eight days in advance thereof, except in the case of urgent meetings.

2. The call to meeting shall be carried out by any means allowing for receipt thereof and shall include the agenda for the meeting and the documentation expected to be made available to the members of the Committee, which shall first be reviewed by the Office of the Secretary of the Board of Directors to ensure the consistency thereof with the meeting schedule of the corporate decision-making bodies and the Corporate Governance System.

3. No prior call to a meeting of the Committee shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.

Article 16. Place of Meetings

1. Meetings of the Committee shall be held in person at the place designated in the call to meeting.

2. If so decided by the chair of the Committee on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The members of the Committee in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Committee for all purposes.
Article 17. Establishment of a Quorum

1. A valid quorum for Committee meetings shall be established with the attendance, in person or by proxy, of a majority of its members.

2. The chair of the Committee shall preside over the meeting. In the event of the vacancy, illness, incapacity or absence of the chair of the Committee, the meeting shall be chaired by the director having the longest length of service on the Committee, and if equal lengths of service, by the oldest.

3. The secretary of the Committee shall act as secretary for the meeting. In the event of vacancy, illness, incapacity or absence of the secretary of the Committee, the person appointed by the Committee for such purpose shall act as secretary.

4. Committee members may give a proxy to another member by notice delivered by any of the means set forth in article 15 above, addressed to the secretary of the Committee and including the terms on which the proxy is given. However, they may not give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.

5. On an exceptional basis, based on the circumstances in each case, the chair of the Committee may authorise the attendance at the meeting of one or more members by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time. Members connected remotely shall be deemed for all purposes to have attended the meeting of the Committee.

Article 18. Resolutions

1. Resolutions of the Committee shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Committee shall have the tie-breaking vote.

2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Committee or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter, shall be made available to all of the directors and shall be entered in a book of minutes of the Committee.

Article 19. Conflicts of Interest

When matters to be dealt with at a meeting of the Committee directly affect one of its members or persons related thereto and, in general, when such member is subject to a conflict of interest situation (upon the terms established in the Regulations of the Board of Directors), such member must leave the meeting until a decision is made, and such member shall be subtracted from the number of Committee members for purposes of calculating the quorum and majorities with respect to the matter at hand.

Article 20. Attendance

1. At the request of the chair of the Committee, addressed for such purpose to the chairman of the Board of Directors, any director may be asked to attend the meetings thereof.

2. By means of a reasoned request made through the secretary of the Board of Directors, the chair of the Committee may also request the attendance of members of the Foundations Committee of the Iberdrola Group, of any director, member of management or professional of the Group, of any member of the management decision-making bodies of the companies forming part of the Group whose appointment has been proposed by the Company, and of any director, member of management or professional of entities in the nature of foundations related to the Group, provided there is no legal impediment thereto. The secretary of the Board of Directors shall evaluate the suitability of the appearances requested based on the matters to be discussed, the powers of the Committee, the identity of the person whose attendance is requested and the meeting schedules of the corporate decision-making bodies from time to time in effect.

3. Persons who are not members of the Committee may not attend meetings thereof when the matters dealt with are outside the scope of the powers or duties of such persons.

4. The presence of members of management, professionals or other directors, whether executive or not, at meetings of the Committee shall be on an occasional basis and only when required, after an invitation from the chair of the Committee, shall be strictly limited to those items on the agenda for which they are called, and they shall not attend the decision-making portion of the Committee’s meetings. The chair may authorise the remote attendance...
thereof using the communication systems described in article 17.5 above, if he so deems appropriate. The secretary shall record the entries and exits of guests at meetings in the minutes.

TITLE VI. POWERS OF THE COMMITTEE, PARTICIPATION AND RIGHTS TO RECEIVE INFORMATION OF THE MEMBERS THEREOF, DUTIES AND EVALUATION OF THE OPERATION THEREOF

Article 21. Powers and Advice

1. The Committee may, through the secretary of the Board of Directors, freely access any information or documents available at the Company relating to the matters that are within the Committee’s area of authority and that it deems necessary to perform its duties.

2. Furthermore, the Committee may, through the secretary of the Board of Directors, request any kind of information or documents available to the Foundations Committee of the Iberdrola Group relating to the matters that are within the Committee’s area of authority and that it deems necessary to perform its duties.

3. The Committee may also seek, at the Company’s expense, cooperation or advice from outside professionals, who shall address their reports directly to the chair of the Committee. In such case, the Committee shall ensure that potential conflicts of interest do not prejudice the independence of the outside advice received.

Article 22. Participation and Rights to Receive Information

1. In order to promote a diversity of opinions that enriches the analysis and proposals of the Committee, the chair of the Committee shall ensure that all of the members freely participate in the deliberations, without being affected by internal or third-party pressures, and shall encourage constructive dialogue among them, promoting free expression and a critical attitude.

2. The chair of the Committee shall channel and provide the information and documentation required to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse it and prepare for the meeting.

Article 23. Duties of Committee Members

1. Committee members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence. In particular, attendance at meetings of the Committee shall be preceded by the sufficient dedication of its members to analyse and evaluate the information received.

2. In exercising their powers, the members of the Committee shall comply with the provisions of these Regulations and applicable law on professional scepticism and critical attitude regarding the conclusions reached by the executive directors and members of senior management of the Company, acknowledging the arguments for and against, and with each of the members, and the Committee as a whole, forming their and its own position.

3. Committee members are subject as such to all of the duties of a director set forth in the Regulations of the Board of Directors, to the extent they are applicable to the responsibilities discharged by the Committee.

Article 24. Information to the Board of Directors

The chair of the Committee shall inform the Board of Directors, at the next meeting thereof following the meetings of the committee, of the matters dealt with and the resolutions adopted during its meetings.

Article 25. Information to the Shareholders at the General Shareholders’ Meeting

1. Pursuant to the provisions of the Regulations of the Board of Directors, the Activities Report of the Board of Directors and of the Committees thereof, which shall include information regarding the operation and the activities of the Committee during the preceding financial year, shall be made available to the shareholders and the other Stakeholders for purposes of the call to the General Shareholders’ Meeting.

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2. In particular, the section of the Activities Report of the Board of Directors and of the Committees thereof regarding the Committee must allow the shareholders and other interested parties to understand the activities performed by the Committee during the financial year in question, for which reason the publication must contain at least the following aspects:

   a. Description of the regulation of the Committee.

   b. Composition of the Committee during the financial year, including the classification and seniority of each of the members thereof, as well as the significant abilities in terms of knowledge and experience contributed by each member.

   c. The standards used to determine and the rationale explaining the composition of the Committee, particularly in relation to the appointment of members who are not independent directors.

   d. Duties and work performed during the financial year by the Committee, changes therein during the fiscal year and reference to these Regulations.

   e. Meetings held during the financial year and number of attendees, including whether non-members of the Committee have been invited.

   f. Significant activities during the period (reporting those that have been performed with the assistance of external experts).

   g. Evaluation of the operation and performance of the Committee, as well as of the methods used to assess the effectiveness thereof.

   h. Independence and conflicts of interest of external advisors, experts and consultants.

   i. Significant deviations from the procedures adopted or improprieties of which the Board of Directors has been notified in writing in areas within the purview of the Committee.

Article 26. Evaluation

1. Within the framework of the annual evaluation provided for in the Regulations of the Board of Directors, the Appointments Committee shall coordinate the evaluation of the Committee’s performance in order to strengthen the operation thereof and improve planning for the next financial year, for which purpose it shall ask the opinion of its members and of the other directors.

2. In the interest of greater transparency, the Activities Report of the Board of Directors and of the Committees thereof shall state the extent to which the evaluation has caused significant changes in the organisation and procedures of the Committee.

TITLE VII. COMPLIANCE, DISSEMINATION AND INTERPRETATION

Article 27. Compliance and Dissemination

1. The members of the Committee, as well as the other members of the Board of Directors to the extent they are affected, have the obligation to know and comply with these Regulations, for which purpose the secretary of the Board of Directors shall post them on the directors’ website and on the Company’s corporate website.

2. In addition, the Committee shall have the obligation to ensure compliance with these Regulations and to adopt appropriate measures for the required dissemination thereof among the rest of the organisation.

Article 28. Interpretation

1. These Regulations shall be interpreted in accordance with law and the Corporate Governance System.

2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by the Committee itself, and in the absence of such resolution, by the chair of the Committee, who shall be assisted by such persons, if any, as may be appointed by the Board of Directors for such purpose. The Board of Directors shall be informed of the interpretation and resolution of the questions or disputes that may have arisen.
3. In the absence of a specific rule, the provisions of the Regulations of the Board of Directors regarding the operation of the Board and, in particular, those regarding the call to meetings, granting of a proxy to another director, establishment of a quorum, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Committee to the extent that they are not inconsistent with the nature thereof.
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TITLE I. NATURE AND OBJECT

Article 1. Nature and Object

1. The Compliance Unit (the “Unit”) of IBERDROLA, S.A. (the “Company”) is a collective permanent and internal body linked to the Sustainable Development Committee of the Board of Directors of the Company.

2. The Unit is the body of the Company responsible for proactively ensuring the effective operation of the Company’s compliance system (the “Compliance System”), configured in accordance with the provisions of the Corporate Governance System, for which purpose it is vested with the broadest powers, budgetary autonomy and independence of action.

3. The Compliance System is made up of all of the rules, formal procedures and significant actions intended to ensure the Company’s conduct in accordance with ethical principles and applicable law and to prevent improper conduct or conduct that is contrary to ethics, the law or the Corporate Governance System that might be committed by the professionals thereof within the organisation.

4. The Unit shall be governed by the provisions of these Regulations of the Compliance Unit (the “Regulations”) and the other rules forming part of the Company’s Corporate Governance System.

5. The creation of the Unit should be understood to be without prejudice to the existence at each country subholding or head of business company of the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), of its own compliance division specifically responsible for its own crime prevention programme.

TITLE II. COMPOSITION

Article 2. Composition and Positions

1. The Unit shall have the following positions, appointed for an indefinite term by resolution of the Board of Directors after a report from the Company’s Appointments Committee:

   • the chair of the Unit;
   • the secretary of the Unit;
   • the director of the Unit, which position shall be held by the Company’s director of Compliance (the “Director of Compliance”); and
   • the members of the Unit, who shall be proposed by the global business units and the corporate functions.

   Pursuant to the provisions of the Corporate Governance System, particularly with respect to decentralisation of the effective management of the businesses of the Group and the corresponding individualisation and separation of responsibilities arising therefrom for each of the companies included therein, those persons who head the compliance divisions of the country subholding or head of business companies of the Group may not form part of the Unit. The members of the Board of Directors may also not form part of the Unit.

2. The chair of the Unit and the persons holding other positions must have such expertise, qualifications and experience as are required by the duties they are called upon to perform.

3. The secretary of the Unit shall have the right to be heard but not to vote, and the duties thereof shall specifically include preparing the minutes of meetings of the Unit, certifying the resolutions and decisions thereof, ensuring the formal and substantive legality of its activities and conformance thereof to the Corporate Governance System, generally channelling the relations of the Unit with its members in all matters relating to the operation thereof, in compliance with the instructions of its chair, and, under the supervision thereof, providing the support necessary for the proper operation of the Unit and the conduct of its meetings.

Article 3. Director of Compliance

1. The Director of Compliance shall have the powers necessary to carry out the duties thereof.

2. The Director of Compliance shall manage the operation of the Unit and its budget and shall be responsible for carrying out the corresponding measures and action plans and ensuring that the Unit proactively complies with its duties.
3. Under the supervision of the Unit, the Director of Compliance shall also have powers relating to the regular management and administration of the duties of the Unit, on behalf thereof, making regular reports thereto on activities performed, for which purpose the Director of Compliance shall have the same powers granted to the Unit in these Regulations and in the Corporate Governance System.

4. In any event, the Unit shall directly exercise the powers vested therein by these Regulations and the other provisions of the Corporate Governance System.

Article 4. The Office of the Compliance Unit

1. The Unit shall be supported by a multidisciplinary office made up of the Director of Compliance, who shall lead it, and by representatives of those areas or functions of the Company who have responsibilities in areas related to the Compliance System (the “Office”).

2. The following areas of the Company shall be represented in the Office:
   a. Protection of Personal Data.
   b. Occupational Safety and Health.
   c. Tax, through the Global Tax Division, as the body responsible for tax compliance within the Company.
   d. Corporate Social Responsibility.
   e. Corporate Security.
   f. Corporate Governance.

3. The Unit shall propose to the Board of Directors a change in the areas represented within the Office listed in section 2 above in order for all of the areas or functions of the Company with a higher compliance risk to be represented within the Office.

4. Through the Office, the Director of Compliance:
   a. Shall endeavour to ensure that each of the areas represented is aware and conscious of the areas of higher risk for which they are responsible and that there are no risk areas not included in the Office.
   b. Shall identify those areas of compliance risk for which management and control might be assigned to more than one area or function of the Company, making recommendations and proposals to avoid unjustified duplication.
   c. Shall promote the exchange of best compliance practices within the Company, and particularly among the areas represented within the Office.
   d. Shall be informed of the main actions taken by the areas represented in the Office within their respective areas of action: analysis of risks, internal rules and procedures adopted to manage such risks, communication and training activities, detection activities and remediation measures that have been implemented.
   e. Shall encourage an analysis of legislative developments and regulatory trends that might be relevant to ensuring the effectiveness of the Compliance System, especially if such developments affect more than one area.
   f. Shall receive periodic information regarding possible incidents that occur within the area of responsibility of each of the areas represented.
   g. Shall receive information from the various areas required for the Unit to include it in the Annual Compliance System Effectiveness Report that it prepares in compliance with the provisions of article 10.2.b) of these Regulations.
   h. Shall obtain advice on those other aspects that the Unit might request.

5. Each of the areas making up the Office must appoint a representative with sufficient experience and knowledge regarding the compliance duties and activities carried out by their respective area. The personal data protection area shall be represented by the Global Data Protection Officer. Representatives may timely give their proxy to another person in their same area to attend a meeting of the Office.

6. The compliance divisions of the Group’s country subholding companies, and in any case of the head of business companies, when so deemed appropriate by their management bodies, shall have their own compliance offices with functions supporting their respective compliance director, based on the activities they perform and the particularities of the local laws applicable thereto.
TITLE III. POWERS

Article 5. Powers regarding the Code of Ethics

1. As regards the Code of Ethics (excluding section C thereof regarding the directors of companies of the Group), the Unit shall have the following main powers:
   a. Promote and coordinate the application of the Code of Ethics by the various companies of the Group.
   b. Provide a binding interpretation of the Code of Ethics and resolve any questions or concerns raised with respect to the content and application thereof and compliance therewith, particularly with respect to the application of disciplinary measures by the competent bodies.
   c. Promote the approval of rules needed to further develop the Code of Ethics and to prevent violations thereof, in collaboration with the various corporate divisions of the Company and on a coordinated basis with the compliance divisions of the country subholding companies and head of business companies.
   d. Approve behavioural procedures and protocols in order to ensure compliance with the Code of Ethics. These rules must in all cases be in accord with the provisions of the Corporate Governance System.
   e. Receive communications sent through the ethics mailboxes of the professionals, the suppliers and the shareholders referred to in article 24 below and process the corresponding investigative files, promoting the procedures for verification and investigation of grievances received and issuing appropriate opinions regarding the investigative files processed.
   f. Promote the dissemination of the content of the Code of Ethics among the professionals and suppliers of the Company, as well as among the other stakeholders, and encourage an understanding thereof and compliance therewith.

2. In order to promote the dissemination of the Code of Ethics among the professionals of the Company, the Unit shall include training and internal communication activities in its annual activities plan.
   a. Training activities shall be given to the Human Resources and General Services Division (or such division that hereafter performs this function) for implementation thereof pursuant to the provisions of the general training activities plan.
   b. Internal communication activities shall be given to the Investor Relations and Communications Division (or such division that hereafter performs this function) for implementation thereof pursuant to the provisions of the Group’s global communication plan and after ensuring that the content and form thereof comply with the standards defined for internal communications.

3. The Unit shall be supported by the Procurement and Insurance Division (or such division that hereafter performs this function) in the dissemination of the Code of Ethics among suppliers.

4. Proposals for external dissemination of the Code of Ethics among the other stakeholders shall be given by the Unit to the Investor Relations and Communication Division (or such division that hereafter performs this function) for assessment thereof and possible inclusion in the Group’s global communication plan in accordance with the general priorities and objectives established in each case.

5. The compliance divisions of the other companies of the Group, in view of the guidelines of the Unit, shall in turn promote the dissemination of the content of the Code of Ethics within their respective purviews through the divisions assuming the duties of human resources, procurement and communication. The Unit shall ensure that the dissemination thereof at the Group level follows general uniform standards and also takes into account the particular features applicable within each jurisdiction and within the various businesses.

6. The Sustainable Development Committee shall supervise the coordination and implementation of the training and communication actions to be carried out at the request of the Unit and of the compliance divisions of the other companies of the Group.

Article 6. Powers regarding the Prevention of Crime, Corruption and Fraud

1. In this regard, the Unit shall have the following main powers:
   a. At least once per year, evaluate the observance and effectiveness of the Company’s crime prevention programme and assess whether a modification thereof is appropriate.
b. Disseminate the content of the Anti-Corruption and Anti-Fraud Policy and foster a preventive culture based on the principle of "zero tolerance" in respect of the commission of wrongful acts and in matters of fraud, corruption and bribery, and on the application of principles of ethical and responsible behaviour by all professionals of the Group, irrespective of their level and the country where they work.

c. Promote the preparation and implementation of appropriate training programmes, both in person and online or by any other appropriate method, for professionals of the Group regarding the duties imposed by the Code of Ethics, the Crime Prevention Policy and applicable law, with a frequency sufficient to ensure that knowledge in this regard is kept up to date. In particular, the professionals of the Group shall receive training regarding the Code of Ethics and the Crime Prevention Policy and, if applicable, the rules in development and implementation thereof, with emphasis on matters of corruption and liability, as well as regarding those legal and regulatory obligations that are specifically applicable to their duties.

2. For these purposes, the Unit shall be responsible for drafting, approving, continuously updating and ensuring the application of the protocols considered necessary or appropriate for crime prevention and anti-fraud measures, particularly the following:

3. While respecting the scope of action proper to the country subholding companies and head of business companies of the Group, the Unit shall establish the framework for relations of coordination, cooperation and information with the respective compliance divisions of such companies in order to promote the highest ethical standards in the crime prevention and anti-fraud areas, especially with respect to, but not limited to, investigation procedures, supervision and control activities, coordination of analysis of crime and fraud risks and promotion of training plans. Such framework for relations shall be determined in accordance with the provisions of the Corporate Governance System, particularly with respect to the decentralisation of effective management of the businesses of the Group and the corresponding individualisation and separation of responsibilities arising therefrom for each of the companies included therein.

Article 7. Powers regarding the Securities Markets

The Unit is entrusted with the duty of ensuring compliance with the Internal Regulations for Conduct in the Securities Markets, performing the duties assigned thereto by such regulations.

It shall also have such other powers and duties assigned thereto by the Action Protocol for the Management of News and Rumours and the Internal Rules for the Processing of Inside Information.

Article 8. Powers regarding Separation of Activities

The Director of Compliance shall compile information from the compliance divisions of the country subholding companies relating to their duty to ensure compliance with the legal provisions regarding the separation of regulated activities applicable in each jurisdiction.

Article 9. Other Powers

The Unit shall also be directly vested with such other powers, whether of a particular or permanent nature, that are assigned thereto by the Sustainable Development Committee or the Board of Directors of the Company, or that are vested therein by the Corporate Governance System.

Article 10. Coordination of other Areas with respect to Compliance

1. At all times, the Unit shall identify the various areas or functions with compliance risk other than those within their direct purview, described in articles 5 to 9 above, and shall the propose the participation thereof in the Office in accordance with the provisions of article 4.3. The Director of Compliance shall ensure proper coordination on compliance matters of all said areas and functions at any time represented within the Office.

2. The Compliance Unit shall also:

   a. Approve the General Compliance System Framework of the Iberdrola group, which shall contain the basic principles of structure and operation of the Group’s Compliance System as well as the duties and responsibilities of the various bodies involved.

   b. Annually evaluate the effectiveness of the Compliance System the Company and of the other companies of the Group, with the collaboration of the various compliance divisions, and prepare a report with the results of
said evaluation, called the Annual Compliance System Effectiveness Report. Said report shall be submitted to the Sustainable Development Committee for it to issue its opinion and forward it to the Board of Directors.

c. Submit proposals to the Board of Directors, after a report from the Sustainable Development Committee, regarding the inclusion or exclusion of areas or functions that should be represented within the Office and the resulting amendment of article 4.2 above.

d. Report to the Sustainable Development Committee regarding significant matters relating to the effectiveness of the Compliance System.

e. Ensure the proper coordination of the compliance systems implemented by each of the compliance divisions of the Group, promoting the exchange of best practices and the approval of rules encouraging all companies of the Group to have homogeneous, solid, comprehensive and effective compliance systems that conform to the particularities of each jurisdiction and of the various businesses.

TITLE IV. MEETINGS

Article 11. Meetings

1. The Unit shall meet as many times as the chair thereof deems is necessary to exercise the powers entrusted thereto.

2. The Unit shall also meet when the chair is so requested by the Director of Compliance.

3. The chairman of the Board of Directors, the chief executive officer, the chair of the Audit and Risk Supervision Committee and the chair of the Sustainable Development Committee may request information meetings with the Unit on an exceptional basis.

Article 12. Call to Meeting

1. The secretary of the Unit shall, by order of the chair thereof, call the Committee to meeting at least five days in advance thereof, except in the case of urgent meetings.

2. The call to meeting shall be carried out by any means allowing for receipt thereof and shall include the agenda for the meeting.

3. No prior call to a meeting of the Unit shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.

Article 13. Place of the Meeting

1. Meetings of the Unit shall be held at such place as is designated in the call to meeting or, in the absence thereof, at the registered office of the Company.

2. Meetings of the Unit may be held in several places connected to each other by a system that permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time (including videoconference or remote attendance systems or any other similar system). The members of the Unit in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Unit for all purposes. The meeting shall be deemed to be held in the place where the largest number of Unit members is located and, if in equal numbers, where the chair of the Unit or whoever chairs the meeting in the absence thereof is located.

Article 14. Establishment of a Quorum

1. A valid quorum for Unit meetings shall be established with the attendance, in person or by proxy, of more than half of its members.

2. The chair of the Unit shall preside over meetings of the Unit. In event of vacancy, illness, incapacity or absence of the Unit’s chair, meetings shall be chaired by the Director of Compliance or, in the absence thereof, by the member having the longest length of service in the Unit, and if equal lengths of service, by the oldest.
3. The secretary of the Unit shall act as secretary for the meeting. In the event of the vacancy, illness, incapacity or absence of the secretary of the Unit, the person appointed by the chair of the meeting for such purpose shall act as secretary.

4. Unit members may give a proxy to another member by notice delivered by any of the means allowing for the receipt thereof, addressed to the chair or to the secretary of the Unit and including the terms on which the proxy is given. However, they may not give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.

**Article 15. Resolutions**

1. Resolutions of the Unit shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Unit shall have the tie-breaking vote.

2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Unit or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter and shall be entered in a book of minutes of the Unit that shall be in the custody of the secretary thereof.

3. Voting by the Unit may occur in writing without a meeting provided that no member objects thereto. In this case, the members of the Unit may deliver to the secretary thereof, who shall act on behalf of the chair, their votes and the considerations they wish to appear in the minutes. Resolutions adopted using this procedure shall be recorded in the minutes.

**Article 16. Conflicts of Interest**

1. The members of the Unit involved in a potential conflict of interest must give notice thereof to the Unit itself, which shall also have the power to resolve questions or conflicts that might arise in this regard.

2. When matters to be dealt with at meetings of the Unit affect one of its members or persons in any way related thereto, including due to a reporting relationship within the Group, and, in general, when such member is subject to a conflict of interest situation, such member must leave the meeting until a decision is made, and such member shall be subtracted from the number of Unit members for purposes of calculating the quorum and majorities with respect to the matter at hand.

**Article 17. Attendance**

1. The chair of the Unit or the Director of Compliance may request the attendance at meetings thereof of any director or professional of the Group, as well as of any member of the management decision-making bodies of the companies in which the Company has an interest whose appointment has been proposed by the Company or seek their opinion at any time.

2. Requests for attendance by members of the Company’s Board of Directors shall be channelled through the secretary thereof.

**TITLE V. RESOURCES, BUDGET AND ANNUAL ACTIVITIES PLAN**

**Article 18. Material and Human Resources**

The Unit shall have access to the material and human resources necessary to perform its duties.

**Article 19. Budget**

1. Prior to the commencement of each financial year, the Unit, at the proposal of the Director of Compliance, shall submit to the Sustainable Development Committee a draft budget for carrying out its activities during the upcoming financial year.

2. Once validated by the Sustainable Development Committee, the draft budget shall be sent to the chair of the Board of Directors, who shall present it to the Board of Directors for final approval.

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Article 20. Annual Activities Plan

Prior to the commencement of each financial year, the Unit, at the proposal of the Director of Compliance, shall approve and submit to the Sustainable Development Committee an annual activities plan for the upcoming financial year.

TITLE VI. POWERS OF THE UNIT AND DUTIES OF ITS MEMBERS

Article 21. Powers and Advice

1. The Unit, through the Director of Compliance, and provided that applicable law so allows, shall have access to the information, documents, offices, directors and professionals of the Company, including the minutes of the meetings of the management, supervisory and control bodies, necessary for the proper performance of its duties. In this regard, all professionals and directors of the Company must provide the cooperation requested by the Unit for the proper performance of its duties. Requests addressed to directors or that cover the Company’s management decision-making bodies or the committees thereof shall be channelled through the secretary of the Board of Directors. Pursuant to the provisions of the General Coordination, Collaboration and Information Protocol, the Unit shall also have access to and awareness of issues regarding the country subholding companies within its purview.

2. The Unit may also seek cooperation or advice from outside professionals, who shall address their reports to the director of the Unit.

3. To the extent possible and provided it does not affect the effectiveness of its work, the Unit shall seek to act transparently, informing the affected directors and professionals of the purpose and scope of its actions whenever practicable and appropriate.

Article 22. Duties of Unit Members

1. Unit members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.

2. Unit members shall keep confidential the deliberations and resolutions of this body and, in general, shall not disclose any information, data, reports or background information to which they may have access while in office, nor use any of the foregoing for their own benefit or that of third parties, without prejudice to the duties of transparency and information imposed by the Company’s Corporate Governance System and by applicable law. The duty of confidentiality of the members of the Unit shall survive even after the members no longer hold such position.

TITLE VII. INVESTIGATIONS

Article 23. Commencement of Investigations

1. The Unit shall have the power to investigate potential violations of the Corporate Governance System, particularly including the rules of conduct of the Code of Ethics, as well as conduct that might involve the commission of an improper or illegal act, that are important to the professional duties of the breaching party within the Company, the contractual relationship with suppliers or the interests and image of the Company.

2. The Unit may commence an investigation if it is aware of facts or circumstances that might constitute a violation or improper action from among those described in the preceding section, whether su sponte, by resolution of the Unit or decision of its Director, or by virtue of a formal grievance made through the Ethics Mailboxes defined in the following article or by any other means.

3. The principles, rules of conduct and guarantees established in this title shall apply to all files regarding violations that are processed by the Unit, regardless of their manner of commencement.

4. If the violations mentioned in section 1 above affect a country subholding or head of business company, or one of the professionals or suppliers thereof, the appropriate body to investigate them shall be the Compliance Division of the affected company, which must act autonomously, applying its own rules, based on the same principles set forth in these Regulations and consistently with those applicable to the Unit.
Article 24. Management of Ethics Mailboxes

1. The Unit shall be responsible for the management of the ethics mailboxes for the professionals of the Company and for its suppliers provided for in the Code of Ethics, and the ethics mailbox for shareholders provided for in the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors (collectively, the “Ethics Mailboxes”).

2. In performing such duty, the Unit must respect the rules and informing principles established for such purposes in the Code of Ethics and in the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.

Article 25. Acceptance of Grievances for Processing

1. Once it receives a grievance, the Unit shall decide whether or not to process it.

2. If the matter affects a country subholding or head of business company of the Group that has its own compliance division or a professional assigned thereto, the Unit shall send the grievance to such division in order for it to proceed with evaluation and processing in accordance with its own rules. Notwithstanding the foregoing, if the matter affects more than one country subholding or head of business company that has a compliance division, or professionals assigned thereto, the processing of the file shall be coordinated by the Unit.

3. The Audit and Risk Supervision Committee shall have direct access to reports of potentially significant financial and accounting improprieties made through the Ethics Mailboxes. The Unit shall provide the Audit and Risk Supervision Committee with whatever documentation it requests in relation to the processing of case files regarding such improper activities.

4. The Unit shall not process any grievance in which it is obvious that the grievance is groundless or lacks credibility or does not constitute a breach of the Corporate Governance System or conduct that may involve the commission of an improper or any illegal act that is important to the professional duties of the breaching party within the Company or the Group, the contractual relationship with suppliers or the interests and image of the Group.

5. The fact that the reporting party does not disclose their identity shall not prevent the Unit from processing the grievance if it is reasonably credible.

6. In order to decide whether a grievance should be accepted for processing, the Unit may request the person submitting the grievance (if such person has been identified) to clarify or supplement it, providing such documents and/or data as may be required to prove the existence of improper conduct.

Article 26. Processing of the Investigative File

1. Once a grievance has been accepted for processing, the Unit shall appoint an investigating officer to carry out the investigation and process the file, and may also entrust this work to an external investigator pursuant to the provisions of article 21.2 above. If the report is directed towards a member of the Unit, such member may not participate in the processing thereof.

2. If the report affects a member of the Board of Directors, the chair of the Unit shall inform the secretary of the Board of Directors to this end in order for the secretary to assist the chair in the processing of the investigative file, and specifically to select the investigating officer, who shall be a person from outside the Group to guarantee independence.

3. The investigating officer shall verify the truth and accuracy of the information contained in the grievance and, in particular, the reported conduct, with respect to the rights of the affected parties. For such purposes, it shall establish a hearing procedure for all affected parties and witnesses to be heard and shall conduct such other proceedings as it deems necessary. All professionals of the Group are required to cooperate faithfully in the investigation. The participation of witnesses and affected parties shall be strictly confidential.

4. The investigation shall follow the provisions of the Investigations Manual approved by the Unit, and all affected parties shall be informed regarding the processing of their personal data, and any other duty imposed by law on the protection of personal data shall also be complied with.

5. In all investigations, the rights to privacy, due process and the presumption of innocence of the persons investigated shall be guaranteed, and all measures shall be taken that are required to avoid any kind of retaliation against the complaining party. The Group undertakes not to engage in any direct or indirect retaliation against professionals that have complained about improper conduct that can be investigated by the Unit, unless they have acted in bad faith.
6. At any time during the proceeding, the Unit and the investigating officers may seek the advice and cooperation of the Finance and Resources Division and of the Legal Affairs Division (or such division that hereafter performs these functions) for purposes of determining the consequences and manner to proceed with respect to any grievance.

Article 27. Resolution of the Investigative File

1. Upon conclusion of the investigation, the investigating officer shall forward the investigative file together with a proposed resolution to the Unit for resolution as it deems appropriate.

2. In the event that the resolution concludes that a professional has committed an improper act or act in violation of legal provisions or of the rules of conduct laid down in the Code of Ethics specifically directed towards professionals of the Group, the Unit shall notify the Finance and Resources Division (or such division that hereafter performs this function) or the division responsible for the human resources function of the relevant Group company for the application of the appropriate disciplinary measures, the adoption and content of which shall be reported to the Unit. If it is an improper act or act in violation of legal provisions or the rules of the Corporate Governance System that affect a member of the Board of Directors, the Unit shall submit the resolution to the Appointments Committee, through the secretary of the Board of Directors, for application of any of the measures provided for in the Corporate Governance System, the adoption and content of which shall be reported to the Unit.

3. If the resolution rendered concludes that a supplier has committed an irregular act or an act in violation of legal provisions or of the rules of conduct laid down in the Code of Ethics, the Unit shall notify the Procurement and Insurance Division (or such division that hereafter performs this function) or whoever participates in procurement within the relevant company of the Group in order to exercise the appropriate contractual rights, of which the Unit shall be informed.

4. If it is verified that a breach of the Corporate Governance System has occurred that is not covered by the section 2 above, the Unit shall adopt the measures that it deems appropriate.

5. If the result of the investigative file reveals the possible adoption of legal actions, the Unit shall give notice of the actions to the Legal Affairs Division (or such division that hereafter performs this function) for purposes of commencing the relevant governmental or court actions in each case, of which the Unit must be informed.

6. If the improper conduct or violation might have a material impact on the financial statements or internal control of the Company, the Unit shall give notice of this fact to the Internal Audit Area.

Article 28. Protection of Personal Data

1. In certain instances, the sending of personal information through the Ethics Mailboxes may, depending on the subject matter of the report, require the acquisition of express and unambiguous consent for the processing of the personal data of the person submitting the grievance, if they are not anonymous. For such purpose, the required mechanisms shall be furnished to obtain any necessary consent prior to the commencement of actions, upon the terms required by the law on personal data protection.

2. As a general rule, the reported party shall be informed of the existence of a report when the investigating officer for the proceeding commences the investigation proceeding. However, in those cases in which there is a significant risk that such notification may jeopardise the ability to effectively investigate the allegation or to gather the required evidence, such notification to the reported party may be delayed for as long as the risk exists.

3. Persons submitting a grievance through the Ethics Mailboxes must warrant that the personal data provided are true, correct, complete and current.

4. Data processed within the framework of investigations shall be deleted as soon as any such investigation has finished, unless the measures adopted give rise to governmental or court proceedings. Without prejudice to the foregoing, the Company shall keep such data duly blocked during those periods in which any liability may arise from the reports filed by Group professionals or from the steps taken by the Company.

5. Users of the Ethics Mailboxes may at any time, in accordance with the law applicable in each case, exercise the rights of access, rectification, erasure and objection with respect to their personal data by means of written communication addressed to the registered office of the Company, complying with requirements established by the law applicable at any time and specifying the right they wish to exercise.
TITLE VIII. AMENDMENT, COMPLIANCE AND INTERPRETATION

Article 29. Amendment

The amendment of these Regulations must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chair of the Unit, of one-third of the directors or of the Unit itself, after a report from the Sustainable Development Committee unless the amendment is at the initiative of the Board of Directors itself.

Article 30. Compliance

1. The members of the Unit have the obligation to know and comply with these Regulations, for which purpose the secretary of the Unit shall provide them with a copy.

2. In addition, the Unit shall have the obligation to ensure compliance with these Regulations.

Article 31. Interpretation

1. These Regulations shall be interpreted in accordance with the Company’s Corporate Governance System.

2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by majority vote within the Unit itself, and in the absence of such resolution, by the chair of the Unit, who shall be assisted by the secretary or by such persons, if any, as may be appointed by the Unit for such purpose. The Sustainable Development Committee shall be informed of the interpretation and resolution of the questions or disputes that may have arisen.

3. In the absence of a specific rule, the provisions of the Regulations of the Board of Directors regarding the operation of the Board and, in particular, those regarding the call to meetings, granting of a proxy to another director, establishment of a quorum, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Unit to the extent that they are not inconsistent with the nature thereof.
X. Internal Rules on Composition and Duties of the Operating Committee

31 March 2017

Article 1. Purpose

Article 2. The Operating Committee as a Part of the Governance Structure of the Company and its Group

Article 3. Duties of the Operating Committee

Article 4. Composition and Operation of the Operating Committee
Article 1. Purpose
1. The Board of Directors of IBERDROLA, S.A. (the “Company”) has assumed an ongoing commitment to update and improve the Corporate Governance System of the Company. Accordingly, it has been promoting the approval of various internal rules that may contribute to enhancing the transparency of the corporate and governance structure of the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).
2. In this context, these *Internal Rules on Composition and Duties of the Operating Committee* form part of the Company’s Corporate Governance System and constitute an instrument of efficiency, as well as a tool for bringing transparency to the shareholders and the markets in general regarding an essential function in the organisation of the Company’s senior management, in furtherance of better coordination at the Group and, therefore, in the interest of all of the companies belonging thereto.

Article 2. The Operating Committee as a Part of the Governance Structure of the Company and its Group
1. The governance structure of the Group described in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation* duly distinguishes between day-to-day and effective management duties attributed to the head of business companies and supervision and control duties attributed to the Company, which only exercises the duties of a holding company, and the country subholding companies, which strengthens the strategic organisation and coordination function in each country.
2. The Operating Committee is an internal committee of the Company and engages in its activities under the immediate control of and as directed by the chairman of its Board of Directors & chief executive officer.
3. In particular, the Operating Committee provides technical support to the chairman of the Board of Directors & chief executive officer, who, together with the Business CEO (*consejero-director general de los negocios del Grupo*) appointed for this duty by the Board of Directors, with overall responsibility for all of the businesses of the Group, and the rest of the management team, assumes the duty of strategic organisation and coordination of the Group through the dissemination, implementation and monitoring of the general strategy and the basic management guidelines established by the Board of Directors.

Article 3. Duties of the Operating Committee
1. It is a core duty of the Operating Committee to provide technical, informational, and management support with respect to the supervision and monitoring and strategic planning duties of the businesses that the Board of Directors of the Company must define for the Group as a whole and that its chairman & chief executive officer must promote and implement together with the Business CEO and the rest of the management team, thus permitting the development of the Group’s Business Model, based on the coexistence of a decentralised structure of decision-making processes and the global integration of the businesses.
2. In this regard, the Operating Committee shall establish methodologies, analysis systems, procedures for the supervision of decisions, and monitoring instruments at the Group level, in the interest and for the benefit of all the companies thereof, with due respect at all times for the scope of the day-to-day management and effective administration within the power of the corporate governance and management decision-making bodies of each of the head of business companies.
3. In order to perform its duties, the Operating Committee shall promote the establishment of internal rules (regarding investments and divestments, purchases, corporate services, etc.) that shall serve as instruments of coordination for the benefit and in the interest of all the Group companies, thereby facilitating the supervision and monitoring of decision-making in order to ensure compliance with the management strategies and guidelines established by the Board of Directors of the Company, as the controlling company within the Group.

Article 4. Composition and Operation of the Operating Committee
1. The chairman & chief executive officer of the Company shall establish the composition of the Operating Committee, having regard to the duties assigned thereto. In any event, the Business CEO shall be part of the Operating Committee. Those persons that the chairman & chief executive officer deems appropriate may also attend its meetings as invitees, either regularly or at a specific meeting.
2. The Operating Committee shall be chaired and managed by the chairman & chief executive officer of the Company, who shall establish the rules governing the operation thereof. The chief of cabinet of the chairman & chief executive officer shall act as secretary.
3. Company officers other than the members of the Operating Committee and the officers of the various country subholding and head of business companies of the Group may appear at the Operating Committee in order to facilitate an exchange of information with the senior management of the Company in furtherance of better coordination and decision-making for the implementation of the management strategies and guidelines established at the Group level.

4. In the performance of its duties, the Operating Committee fully respect the rules governing the segregation of regulated activities applicable in each jurisdiction, as well as the applicable legal requirements in the various markets and regions in which the Group carries out its activities.
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Introduction to the Book on Compliance
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 and the realisation of its purpose and values.

2. In the exercise of this autonomy and in accordance with the provisions of the By-Laws, 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 the Purpose and Values of the Iberdrola group, to its Code of Ethics, and finally to the entirety of 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. As Iberdrola is also a listed company, the compliance function is expanded and takes on particular importance in reference to its presence in the securities market.

3. The Board of Directors, with the participation of the Sustainable Development Committee, is responsible for establishing the general basis for this sub-system of regulatory compliance and to ensure the independence and the means necessary to discharge its duties and commitments, the implementation of which is entrusted to the Compliance Unit, an internal body given the functional autonomy required for the best performance of its duties.

4. Within this general framework, this Book V of the Corporate Governance System groups together the Internal Regulations for Conduct in the Securities Markets, which establish a number of rules and guidelines that ensure proper and transparent management of inside information, imposing certain obligations, limitations and restrictions (that go far beyond those provided by applicable law) to persons who may have access thereto due to their connection with the Group, as well as 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. As a whole, they make up a solid and efficient system designed to ensure that all investors are in equal conditions, protected against the improper use of inside information regarding the Company, as well as potential market manipulation.

5. Both the Internal Regulations for Conduct in the Securities Markets and the Internal Rules for the Processing of Inside Information are subject to a process of permanent review to conform them to the changing circumstances within which Iberdrola engages in its activities, to applicable law and to best practices in this area, and bind, to the extent applicable, its directors and professionals, as well as any persons generally who are validly bound by them.

In Bilbao, on 21 July 2020

The Board of Directors of Iberdrola, S.A.
I. Internal Regulations for Conduct in the Securities Markets

21 July 2020

PREAMBLE

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PREAMBLE

The Internal Regulations for Conduct in the Securities Markets (the “Regulations”), which form a part of the Corporate Governance System of IBERDROLA, S.A. (the “Company”), are issued for application thereof to the Company and the companies included within the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).

The Regulations set the rules governing the transparent management, control and communication of Inside Information, as well as for engaging in Treasury Share Transactions, imposing certain obligations, limitations and prohibitions on Affected Persons, Insiders and Treasury Share Managers, all in order to protect the interests of the investors in securities of the Company and its Group and to prevent and avoid any situation of wrongdoing, yet encouraging and facilitating the participation of its directors and professionals in the capital of the Company in strict compliance with applicable law.

PRELIMINARY TITLE. DEFINITIONS

Article 1. Definitions

For purposes of these Regulations, the following terms shall have the meaning set forth below:

a. External Advisers: those persons who, although not considered professionals of the Group, provide financial, legal, audit, consultancy or any other services to any company within the Group, in their own name or on behalf of another, and who have access to Inside Information because of the provision of such services.

b. CNMV: the National Securities Market Commission (Comisión Nacional del Mercado de Valores).

c. Administration and Control Division: the Company’s Administration and Control Division or such body as hereafter assumes the duties of such Division.

d. Finance and Resources Division: the Company’s Finance and Resources Division or such body as hereafter assumes the duties of such Division.

e. Confidential Documents: documents, whatever the format thereof, that contain Inside Information.

f. Treasury Share Managers: the Head of Treasury Share Management and the other persons listed in letter c) of article 2 below.

g. Inside Information: information of a precise nature, which has not been made public, relating directly or indirectly to the Company, to any other company of the Group or otherwise, or to one or more Affected Securities or related derivative instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such Affected Securities or on the price of related derivative financial instruments.

In relation to commodity derivatives, information of a precise nature, which has not been made public, relating directly or indirectly to one or more of such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts and provided this is information that is reasonably expected to be disclosed or is required to be disclosed in accordance with law, market rules, contracts or practices or custom on the relevant commodity derivatives markets or spot markets, shall be deemed Inside Information.

In relation to greenhouse gas trading rights or auctioned products based on such rights, information of a precise nature, which has not been made public, relating directly or indirectly to one or more of such financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or of derivative financial instruments related thereto, shall be deemed Inside Information.

For these purposes, information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the Affected Securities or the related derivative financial instrument, as well as spot commodity contracts related thereto, or auctioned products based on emission rights.

In the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.
An intermediate step in a protracted process shall be deemed to be Inside Information if, by itself, it satisfies the criteria of Inside Information as referred to in this definition.

Finally, information a reasonable investor would be likely to use as part of the basis of his or her investment decisions shall be deemed "information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments or related spot commodity contracts, or auctioned products based on emission rights".

h. **Insiders:** the persons listed in letter b) of article 2 below.

i. **Members of Senior Management:** all those members of management who report directly to the Board of Directors, the Chairman thereof or to the chief executive officer of the Company, and in every case, the director of the Internal Audit Area, as well as any other member of management whose status as such is acknowledged by the Board of Directors, and those others who are classified as such by the Unit for purposes of these Regulations due to having regular access to information that may be deemed Inside Information and that are vested with powers to make managerial decisions affecting the future developments and business prospects of the Company.

j. **Treasury Share Transactions:** transactions carried out by the Company or by any of the companies of the Group in shares issued by the Company and in financial instruments and contracts of any kind, whether or not traded on Stock Exchanges or other organised secondary markets, which give the right to acquire or sell, or the underlying assets of which are, shares of the Company.

k. **Personal Transactions:** every transaction conducted for their own account by Affected Persons and Treasury Share Managers or by their corresponding Connected Persons relating to the Affected Securities or related derivative instruments as defined in applicable legal provisions.

l. **Affected Persons:** the persons specified in letter a) of article 2 below.

m. **Connected Persons:** persons who maintain any of the following relationships with Affected Persons or Treasury Share Managers:

   • a spouse, or person considered to be equivalent to a spouse in accordance with Spanish law;
   
   • their dependent children;
   
   • a relative who has shared the same household or for which they are responsible for at least one year on the date of determination of the existence of said connection;
   
   • a legal person, trust or partnership, the managerial responsibilities of which are discharged by an Affected Person or Treasury Share Manager or by a person referred to in the preceding paragraphs (such managerial responsibilities being understood to only include a management or executive position by virtue of which the Affected Person participates in or influences the decisions of such person or entity with respect to transactions in Affected Securities), or which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person; or
   
   • other persons or entities considered as such under the legal provisions in effect from time to time.


o. **Register of Treasury Share Managers:** register governed by article 9 below.

p. **Register of Insiders:** register governed by article 8 below.

q. **Register of Affected Persons:** register governed by article 7 below.

r. **Persons Responsible for Inside Information:** the heads of the various divisions or areas who specifically assume responsibility for leading an operation, transaction or internal process, in which information that may qualify as Inside Information is evidenced, received or generated, whether in the research or negotiation phase or at any other time or in any other situation.

s. **Head of Treasury Share Management:** the person appointed by the Finance and Resources Division as the person responsible for coordinating the Treasury Share Managers.
t. Unit: the Company’s Compliance Unit, the internal body entrusted with the duty, among others, of ensuring compliance with these Regulations.

u. Affected Securities: (i) negotiable securities issued by the Company or entities within its Group (excluding those issued by the listed country subholding companies that approve their own rules equivalent to these Regulations, as may be adapted to the particular legal provisions of the market on which their securities are traded, as well as the subsidiaries thereof) that have been admitted to trading or for which trading has been requested on an official secondary market or other regulated markets, within multilateral trading systems, organised trading systems or other organised secondary markets; (ii) financial instruments and contracts granting the right to acquire or transfer such securities; (iii) financial instruments and contracts whose underlying assets consist of the aforementioned securities, instruments or contracts; and (iv) securities, instruments and contracts of entities other than the Company and entities within its Group in respect of which Affected Persons and Insiders have obtained Inside Information because of their ties with the Company and, in any case, securities, instruments and contracts when so expressly determined by the Unit in order to best comply with these Regulations.

**TITLE I. SUBJECTIVE SCOPE OF APPLICATION**

Article 2. Subjective Scope of Application

These Regulations shall apply to the following persons, to the extent applicable:

a. The directors, the secretary, the deputy secretaries and the legal counsel to the Board of Directors, as well as the secretaries of the committees of the Board of Directors and the Members of Senior Management of the Company; as well as such other persons who, in accordance with applicable regulations at any time, are designated by the Unit—including, when appropriate, the members of the Unit itself—owing to their customary and recurring access to information that may be deemed to be Inside Information for purposes of the provisions of these Regulations.

b. Those persons who have temporary or interim access to Inside Information of the Company because of their participation or involvement in an operation, transaction or an internal process entailing access to Inside Information, during the time that they are included in a Register of Insiders under the provisions of article 8 below, and until such time as the Inside Information that gave rise to the creation of such register is disclosed to the market by way of the notice required by applicable legal provisions or ceases to have such status for other reasons (for example, due to the suspension or abandonment of the operation or transaction giving rise to the Inside Information) and when so notified by the Unit or, by delegation therefrom, by the division or area responsible for the operation, transaction or internal process in question.

c. The Head of Treasury Share Management and those persons that the Unit, upon a proposal by the Company’s CFO, designates from among the professionals of the Finance and Resources Division due to their responsibility for the management of the Company’s treasury shares, as described in article 13 of these Regulations, or due to having deemed it necessary to subject them to the rules contained in these Regulations based on their customary and recurring access to information regarding the actions of the Company with respect to Affected Securities.

**TITLE II. PROCESSING OF INSIDE INFORMATION**

Article 3. Obligation to Disseminate Inside Information

1. Unless a delay in dissemination thereof has been approved pursuant to the provisions of article 4 of these Regulations, the Company shall publish all Inside Information that directly concerns it, as soon as possible, by reporting it to the CNMV upon the terms set forth in this article 3. For these purposes, the Person Responsible for Inside Information shall be responsible for determining and deciding on the existence of the Inside Information and shall be required to immediately contact the secretary of the Board of Directors, and in the absence thereof any of the deputy secretaries of the Board of Directors, in order to prepare and send to the CNMV the corresponding notice of Inside Information.

2. Inside Information may not be disclosed by any other means without prior publication thereof on the website of the CNMV. Furthermore, the content of the Inside Information disclosed to the market by any information or communication channel other than the CNMV must be consistent with what is reported to the CNMV. In addition,
any significant change that has occurred in previously reported Inside Information shall be disclosed to the market immediately by the same means.

3. The content of the report shall be truthful, clear and complete. The information shall be stated in a neutral manner, without bias or value judgements that preclude or distort the scope thereof, applying the same standards to Inside Information regardless of whether it might favourably or unfavourably affect the price of the Affected Securities or of the derivative instruments related thereto.

4. Whenever possible, the content of the information must be quantified, with an indication, if appropriate, of the relevant amount. When dealing with approximations, such circumstance shall be specified, and an estimated range shall be provided when possible.

The report shall also include the background, references or points of comparison deemed appropriate, in order to facilitate an understanding and the scope thereof.

5. In those circumstances in which the Inside Information covered by the report refers to decisions, agreements or plans whose effectiveness is subject to prior or subsequent approval or ratification by another body, person, entity or public authority, such circumstance shall be specified.

6. If the Company discloses projections, forecasts or estimates of accounting, financial or operational figures containing Inside Information, it must comply with the following conditions:

a. Estimates or forecasts of accounting figures subject to basic assumptions used for the calculation thereof must have been prepared in a manner consistent with the accounting rules and principles applied in the preparation of the annual accounts and be comparable to the financial information published in the past and that must subsequently be disclosed by the Company.

b. These types of information must be clearly identified, specifying that they are projections, forecasts or estimates by the Company, which, as such, do not constitute guarantees that they will be met in the future and are subject to risks, uncertainties and other factors that might cause final performance and results to differ from the content of such projections, forecasts or estimates.

c. It must clearly distinguish whether the disclosures are operational goals or mere estimates or forecasts regarding the expected performance of the Company. It must also identify the time frame to which the estimates or forecasts refer and specify the basic assumptions upon which they are based.

Finally, the Company shall not misleadingly combine the disclosure to the market of Inside Information with the commercialisation of its activities.

7. Inside Information shall be transmitted to the CNMV in the manner established thereby, correcting any defect or disruption in the transmission of the information under the Company’s control as soon as practicable. In addition, the Inside Information must be identified as such, the Company must be clearly identified as the issuer, and the subject matter of the information and the date of the communication must be clearly stated, without prejudice to the information published by the CNMV pursuant to applicable legal provisions.

8. In addition to the information specified in the preceding paragraph, the Company must also be in a position to communicate the following to the CNMV in connection with the disclosure of Inside Information:

a. The name of the person who has provided the information.

b. Security validation data.

c. The format of the information communicated.

d. If applicable, detailed information on any restriction imposed by the Company regarding the Inside Information.

9. Inside Information must be reported to the CNMV by the secretary of the Board of Directors or, in the absence thereof, by one of the deputy secretaries of the Board of Directors, by such person as is designated by any of the former, or by any other person with sufficient powers, within the deadlines and in accordance with the formalities established in applicable regulations.

10. The Company shall designate at least one authorised spokesperson before the CNMV to respond effectively and with sufficient speed to questions, verifications or requests for information by the CNMV regarding the disclosure of Inside Information.

11 Inside Information that is disclosed through the website of the CNMV shall be published on the Company’s corporate website. The Company shall post and maintain on its corporate website, for a period of at least five years, all Inside Information it is required to disclose publicly.
12. Meetings of a general nature with analysts, investors, the media and other Stakeholders must be planned in advance so as to ensure that persons participating in any such meetings do not disclose Inside Information that has not been previously disclosed to the market as indicated in this article.

**Article 4. Delay in the Dissemination of Inside Information**

1. Notwithstanding the provisions of article 3 above, the Company, by decision of the Person Responsible for Inside Information, or upon a proposal thereof, by decision of the body responsible for approval of the operation, transaction or internal process, may delay the public dissemination of the Inside Information if all of the following conditions are met:
   a. the decision is made as soon as possible after the Inside Information becomes known or is generated;
   b. immediate disclosure is likely to prejudice the legitimate interests of the Company;
   c. delay of disclosure is not likely to mislead the public; and
   d. the Company is able to ensure the confidentiality of that information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, the Company may delay the public disclosure of the Inside Information regarding each of the subsequent stages of such process, subject to the provisions of letters a), b), c) and d) above.

2. If a delay in the dissemination of the Inside Information is approved pursuant to section 1 above:
   a. the Person Responsible for Inside Information must immediately record the decision in accordance with the template attached as Annex 1, in a manner that ensures the maintenance thereof in a durable medium, upon the terms set forth in applicable legal provisions;
   b. for each operation, transaction or internal process that may involve access to Inside Information for which dissemination has been delayed, the Person Responsible for Inside Information shall immediately appoint a person in charge of the Register of Insiders, who must create it as soon as possible, in accordance with the provisions of article 8 of these Regulations;
   c. as soon as possible, the Person Responsible for Inside Information must inform the Unit of the decision and the creation of the corresponding Register of Insiders; and
   d. the CNMV shall be informed thereof immediately after the Inside Information is published, upon the terms and with the scope provided by applicable legal provisions.

3. If the dissemination of the Inside Information is delayed pursuant to section 1 and the confidentiality of the Inside Information ceases to be guaranteed, the Company shall publish such information as soon as possible in accordance with the provisions of article 3 of these Regulations. In particular, it must publish the Inside Information for which dissemination has been delayed if a rumour refers expressly thereto and is sufficiently accurate to indicate that the confidentiality of such information is no longer guaranteed.

4. The Finance and Resources Division (i) shall monitor and continuously track the market changes in the listing prices and trading volumes of the Affected Securities, as well as rumours disseminated to the market and the news reported by professional broadcasters of financial information and media regarding the Affected Securities; and (ii) in the event of unusual changes in trading prices or volumes of the Affected Securities, it may ask the Unit if a Register of Insiders has been opened, and if so, after contacting the Persons Responsible for Inside Information in order for them to report the status of the current transaction, shall report to the Unit if it observes an extraordinary or inappropriate situation or one that might derive from conduct that could involve a violation of these Regulations, the MAR or any other legal provision regulating the securities markets, including reasonable signs that such change is a result of the premature, partial or distorted dissemination of all or part of the Inside Information.

**Article 5. Inside Information Processing Obligations**

1. Affected Persons and Insiders (except External Advisers) are required to be aware of and comply with the regulations and internal procedures established regarding the confidentiality of Inside Information, particularly the Internal Rules for the Processing of Inside Information.

2. In the case of External Advisers, a confidentiality undertaking must be signed with the Company prior to the transmission of any Inside Information by the Person Responsible for Inside Information, except when they are subject to a duty of professional secrecy under the rules of their profession. External Advisers shall be informed in any event of the inside nature of the information that will be provided to them and of the obligations they
assume with respect thereto, as well as their obligation to create and keep up-to-date their own list of insiders in accordance with the provisions of the MAR, which shall include the persons of their organisation who have access to Inside Information, and shall be required to state that they are aware of all of the above.

3. There must be compliance at all times with the provisions of the Internal Rules for the Processing of Inside Information, especially with respect to the security measures for the custody, filing, reproduction and distribution of and access to the Inside Information.

4. The Finance and Resources Division shall subject transactions in the company's own shares or financial instruments based thereon to measures aimed at preventing investment or divestment decisions being affected by the knowledge of Inside Information.

5. Affected Persons in possession of Inside Information, and in any case all Insiders, must refrain from directly or indirectly engaging in the following conduct, whether for their own account or the account of another:

   a. Preparing or carrying out any kind of Personal Transaction in the Affected Securities to which the information refers, including the direct or indirect acquisition, transfer or assignment for their own account or that of another of the Affected Securities to which the Inside Information refers. The use of this type of information to cancel or modify an order regarding an Affected Security to which the Inside Information refers, whether for one's own account or that of third parties, shall also be deemed a Personal Transaction with Inside Information if the order is given prior to becoming aware of the Inside Information. They must also refrain from even attempting to engage in any of the foregoing transactions.

      This excludes preparing and carrying out transactions whose existence itself constitutes the Inside Information, as well as transactions effected pursuant to a pending obligation to acquire or transfer negotiable securities or financial instruments when such an obligation is contemplated in an agreement entered into before the Affected Persons or Insider in question has come into possession of the Inside Information, or by a manager pursuant to a discretionary portfolio management contract signed by an Affected Person, by his or her respected Connected Persons, or by an Insider, as well as other transactions effected in accordance with applicable legal provisions.

   b. Disclosing such information to third parties other than in the normal course of their work, profession or duties, provided, however, that those to whom the information is disclosed in the normal course of their work, profession or duties must be subject, by law or under contract, to a duty of confidentiality and that they have confirmed to the Company that they have the necessary means to protect it.

   c. Recommending to a third party that they engage in any of the transactions referred to in letter a) in Affected Securities, or inducing them to do so, or to cause another to engage in said transactions based on Inside Information.

6. Affected Persons who have Inside Information, and any Insiders, shall also be required to:

   a. safeguard the confidentiality of the Inside Information to which they have access, without prejudice to their duties of communication and cooperation with court and administrative authorities under the terms set forth in the MAR and other applicable legal provisions;

   b. limit knowledge thereof strictly to those persons, inside or outside the Group, for whom access to the knowledge is essential, with special care taken to ensure that no Treasury Share Manager has access thereto;

   c. adopt appropriate measures to prevent the Inside Information from being misused or abused; and

   d. give immediate notice to the Unit of any misuse or abuse of Inside Information of which they are aware.

7. Except for the circumstance provided for in article 9.5 of these Regulations, the preceding sections 1 to 6 of this article shall not apply to Treasury Share Managers, who are not authorised to access Inside Information.

8. If a Treasury Share Manager gains access to any Inside Information despite the precautions adopted in compliance with applicable law and the internal regulations of the Company in this area, they shall refrain from conducting, ordering or participating in the process of deciding on or implementing Treasury Share Transactions.

In addition, the Treasury Share Manager must give immediate notice of such circumstance to the Unit, as well as the Company's CFO, who shall take the appropriate measures in such regard, including the temporary replacement of the person who has had access to the Inside Information in their duties with respect to treasury shares.

If the Treasury Share Manager having access to the Inside Information is the Head of Treasury Share Management, and the measure consists of the temporary replacement thereof, the Company's CFO must simultaneously appoint another person to perform the duties of the Head of Treasury Share Management for so long as such measure remains in effect.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
9. Affected Persons and Insiders in possession of Confidential Documents must act diligently in the use, handling and processing thereof and shall be responsible for their custody and preservation and for keeping them confidential.

10. Specifically, and without prejudice to any additional measures that may be established by the Unit, Affected Persons and Insiders shall subject the use, handling and processing of Confidential Documents to the provisions contained in the Internal Rules for the Processing of Inside Information (or, in the case of External Advisers, to such similar provisions as may be in place at the organisations to which they belong).

11. The areas that handle Inside Information and any others as determined by the Unit shall not allow access to their records, files or computer systems to any Treasury Share Manager or to any person who is not a member thereof, unless authorised by the Person Responsible for Inside Information in the customary decision-making processes previously established by Company.

Article 6. Market Manipulation

1. Affected Persons, Treasury Share Managers and Insiders must refrain from preparing or engaging in any type of practice that might entail market manipulation. They must also refrain from even attempting to engage in any of said practices.

2. For these purposes, market manipulation shall include the following activities:
   a. entering into a transaction or placing an order to trade or any other behaviour which:
      i. gives, or is likely to give, false or misleading signals as to the supply of, demand for or price of, an Affected Security; or
      ii. secures, or is likely to secure, the price of one or more Affected Securities at an abnormal or artificial level; unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour has been carried out for legitimate reasons and conforms with an accepted market practice accepted by the CNMV;
   b. entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or more Affected Securities, which employs a fictitious device or any other form of deception or contrivance;
   c. disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for or price of an Affected Security, or is likely to secure the price of one or more Affected Securities at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading; or
   d. transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark.

TITLE III. INCLUSION IN REGISTERS

Article 7. Inclusion in the Register of Affected Persons

1. Affected Persons, as well as Persons Connected to directors and to Members of Senior Management, shall be included in the corresponding Register of Affected Persons, which the Unit shall be responsible for preparing and updating. Such register shall contain the following information:
   a. Identity of the Affected Persons, and in the case of directors and Members of Senior Management, of their respected Connected Persons.
   b. Reason why such persons have been included in the Register of Affected Persons.
   c. Dates and times of creation and update of such register.

2. The Register of Affected Persons shall be updated immediately in the following cases:
   a. When there is a change in the reasons why a person is included in the register.
   b. When it is necessary to add a new person to the register, in which case there shall be a notation of the date and time when such circumstance occurred as well as the reasons why they are being added.
c. When an Affected Person included in the Register of Affected Persons ceases to have customary and recurring access to Inside Information, in which case the date and time when such circumstance occurs shall be noted.

The Unit shall review, at least on an annual basis, the identity of the persons forming part of the Register of Affected Persons.

3. The data contained in the Register of Affected Persons must be kept for at least five years from the date of creation of the register or, if subsequent thereto, from the last update thereof. However, if an Affected Person loses this status and therefore ceases to be registered in the Register of Affected Persons, the Unit must keep the data regarding such person for a period of five years from the person losing the status of Affected Person.

4. The Unit shall inform the secretary of the Board of Directors and other Affected Persons (other than those indicated in the following paragraph) of their inclusion in the Register of Affected Persons and of the rights and other circumstances provided for in applicable legal provisions regarding the protection of personal data. In addition, the Unit shall inform Affected Persons of the fact that they are subject to the Regulations, of their duty of confidentiality with respect to the Inside Information, of the Internal Rules for the Processing of Inside Information, of the prohibition against using it, and of the violations and penalties that may arise from the improper use of Inside Information. The Unit must also provide Affected Persons with a copy of these Regulations and of the Internal Rules for the Processing of Inside Information.

If the Affected Persons are the directors, the deputy secretaries, the legal counsel to the Board of Directors or the secretaries of the committees of the Board of Directors, the Unit shall send the communication referred to in the preceding paragraph to the secretary of the Board of Directors for the secretary to forward it thereto.

5. Directors and Members of Senior Management must give written notice to their respective Connected Persons of the obligations arising from these Regulations and maintain a copy of the corresponding communication.

6. No later than fifteen days after receiving a copy of these Regulations, Affected Persons must deliver to the Unit a duly signed consent statement, which is attached as Annex 2 hereto, and which shall be maintained by the Unit.

In the case of the directors, the secretary, the deputy secretaries, the counsel to the Board of Directors and the secretaries of the committees of the Board of Directors, the form of consent statement included in said annex or such other statement determined by the secretary of the Board of Directors to such end shall be used, and the secretary shall send these signed consent statements to the Unit for filing.

7. The Unit shall keep a copy of the Register of Affected Persons in electronic format, which shall be made available to the supervisory authorities. The electronic format shall at all times ensure:
   a. the confidentiality of the information included;
   b. the accuracy of the information appearing in the Register of Affected Persons; and
   c. access to prior versions of said Register and the retrieval thereof.

**Article 8. Inclusion in the Register of Insiders**

1. The Person Responsible for Inside Information shall appoint a person in charge of creating and updating a Register of Insiders in accordance with the template included as Annex 3, which shall at all times include the information that must appear in registers of insiders in accordance with applicable legal provisions.

The person responsible for any Register of Insiders must provide a copy thereof to the Unit.

Registers of Insiders must be updated in the same instances as the Register of Affected Persons. In addition, the data contained in a Register of Insiders must be kept at least for five years from the date of creation of the register, or if subsequent thereto, from the last update thereof.

2. The person responsible for a Register of Insiders shall send by email a notice following the model determined by the Unit addressed to the persons listed therein and informing them of the rights and the circumstances mentioned in article 7.4 above, the prohibition against engaging in transactions in Affected Securities while they are Insiders, their duty of confidentiality regarding the Inside Information, the prohibition against the use thereof, the violations and penalties that may derive from the improper use of Inside Information, the obligation to comply with the provisions of the Internal Rules for the Processing of Inside Information, as well as their obligation to inform such responsible person of the identity of any other persons to whom Inside Information is provided in the ordinary course of their work, profession or duties, in order for such persons to also be included in the Register of Insiders.

The person responsible for a Register of Insiders shall include in the notice referred to in the immediately preceding paragraph a copy of the versions of the Regulations and of the Internal Rules for the Processing of Inside Information published on the corporate website. Likewise, there shall be included in such notice the obligation...
of each of the Insiders to send to the person responsible for the Register of Insiders the form of consent statement attached hereto as Annex 4, duly completed and signed, within forty-eight hours of receipt of such notice. Alternatively, if the person responsible deems it appropriate, the statement may be made by email responding to the notice sent by the person responsible for the Register of Insiders, acknowledging their inclusion in the Register of Insiders and stating that they are aware of the legal and regulatory obligations that this entails (including applicable penalties).

Once a Register of Insiders is closed, the person responsible shall give notice of such circumstance to the Unit and to the persons registered therein, as well as of the loss of their status as Insiders in relation to the operation, transaction or process that gave rise to the opening of the register in question and of the lifting of the restrictions provided for in the notice referred to in the first paragraph of this article 8.2.

3. Communications to the directors, the secretary, the deputy secretaries and the legal counsel to the Board of Directors or to the secretaries of the committees of the Board of Directors shall be channelled through the Office of the Secretary of the Board of Directors. For these purposes, the person responsible for a Register of Insiders must inform the Office of the Secretary of the Board of Directors regarding the inclusion in said register of any of these people, as well as the closure thereof.

4. The Unit shall keep a copy of the Registers of Insiders in electronic format, which shall be made available to the supervisory authorities. The electronic format shall at all times ensure:
   a. the confidentiality of the information included;
   b. the accuracy of the information appearing in the Register of Insiders; and
   c. access to prior versions of said register and the retrieval thereof.

**Article 9. Inclusion in the Register of Treasury Share Managers**

1. Treasury Share Managers shall be included in the corresponding Register of Treasury Share Managers, the preparation and update of which shall be the responsibility of the Unit, in accordance with the templates legally established for this purpose. Such register shall contain the following information:
   a. Identity of the Treasury Share Managers.
   b. Reason why such persons have been included in the Register of Treasury Share Managers.
   c. Dates and times of creation and update of such register.

2. The Register of Treasury Share Managers shall be immediately updated in the following cases:
   a. When there is a change in the reasons why a person is included in the register.
   b. When it is necessary to add a new person to the register.
   c. When the Unit, upon a proposal of the Company’s CFO, finds that a person who appeared in the Register of Treasury Share Managers should be removed therefrom because such person ceases to participate in the Company’s Treasury Share Transactions, in which case the date and time when such circumstance occurs shall be noted.

The Unit shall review, at least on an annual basis, the identity of the persons forming part of the Register of Treasury Share Managers.

3. The data contained in the Register of Treasury Share Managers must be kept for at least five years from the date of creation of the register or, if subsequent thereto, from the last update thereof. However, if a Treasury Share Manager loses this status and therefore ceases to be registered in the Register of Treasury Share Managers, the Unit must keep the data regarding such person registered in the Register of Treasury Share Managers for a period of five years from the person losing the status of Treasury Share Manager.

4. The Unit shall inform Treasury Share Managers of their inclusion in the Register of Treasury Share Managers and of the rights and circumstances provided for in article 7.4 above. If they have had access to any Inside Information despite the precautions taken in compliance with applicable law and the Company’s internal regulations in this area, the Treasury Share Managers shall be required to immediately inform the Unit and the Company’s CFO of this circumstance in order to comply with article 13.2 of these Regulations; in this case, the Unit shall inform Treasury Share Managers of the need to refrain from engaging in, ordering or participating in the process of deciding upon Treasury Share Transactions and of the special obligation of confidentiality that they assume with respect to Treasury Share Transactions.

5. If it is decided, with the approval of the Company’s CFO, that a Treasury Share Manager will participate in a
transaction, in the investigation or negotiation phase, during which information susceptible of being considered
Inside Information is received, the Treasury Share Manager shall refrain from engaging, ordering or participating
in the process of deciding on or implementing Treasury Share Transactions. The Treasury Share Manager
must also be removed from the Register of Treasury Share Managers, noting the date on which circumstance
occurs, and shall be included in the Register of Insiders for the transaction. Once the Treasury Share Manager
is removed from such Register of Insiders, the Treasury Share Manager shall again be included in the Register
of Treasury Share Managers after authorisation from the Company’s CFO and the director of the Unit, noting the
date of inclusion thereof. If the Treasury Share Manager affected by the measure is the Head of Treasury Share
Management, the CFO must simultaneously appoint another person to perform the duties of Head of Treasury
Share Management until the Head of Treasury Share Management is once again included.

6. No later than fifteen days after receiving a copy of these Regulations, the Treasury Share Managers must deliver
to the Unit, duly signed, the form of consent statement attached as Annex 5 hereto.

7. The Unit shall keep a copy of the Register of Treasury Share Managers in electronic format, which shall be made
available to the supervisory authorities. The electronic format shall at all times ensure:

a. the confidentiality of the information included;
b. the accuracy of the information appearing in the Register of Treasury Share Managers; and
c. access to prior versions of said Register and the retrieval thereof.

TITLE IV. PERSONAL TRANSACTIONS IN AFFECTED SECURITIES

Article 10. Notice of Personal Transactions in Affected Securities

1. Within three trading days of carrying out any Personal Transactions, Affected Persons and Treasury Share
Managers shall send a notice to the Unit, by any means allowing for the receipt thereof, indicating the date,
the type, the volume, the price, the number and description of the Affected Securities, the market on which the
Personal Transaction has been carried out, where applicable, as well as, where applicable, the identity of the
Connected Person performing the Personal Transaction or the intermediary through which the transaction was
affected, all in accordance with the template attached hereto as Annex 6.

The provisions of the preceding paragraph shall apply to all subsequent Personal Transactions once the volume
of the Personal Transactions has reached a total amount of twenty thousand euros during a calendar year. Notice
of Personal Transactions performed until reaching this amount need not be provided. The above threshold shall
be calculated using the sum of all Personal Transactions (including acquisitions without consideration, in which
case Affected Securities so acquired shall be valued at their market value on the date of acquisition), without any
offset among Personal Transactions with positive or negative results, such as purchases and sales.

Directors must also give notice of the proportion of voting rights attributed to Company shares that they own upon
acceptance of their appointment and upon their separation as directors, starting the calculation, in the case of
appointment, from the trading day following the day of their acceptance.

2. The Unit may request any Affected Person or Treasury Share Manager to report thereto in sufficient detail, or to
supplement information already provided, regarding any transaction that may fall under the provisions of these
Regulations, even if it does not exceed the threshold indicated in section 1 above, including their position in
connection with the Affected Securities. Such request must be answered within seven business days from receipt
of the request by the Unit.

3. Any disclosure that the directors, the deputy secretaries and the legal counsel to the Board of Directors or the
secretaries of the committees of the Board of Directors must make to the Unit pursuant to the provisions of these
Regulations must be made through the secretary of the Board of Directors.

4. The Unit shall keep a register of the communications mentioned in the preceding sub-sections. The content of
such register shall be confidential and may only be disclosed to the Board of Directors or to such person as it
designates in the course of a specific action, as well as to court and governmental authorities within the framework
of applicable proceedings.

5. The provisions of the foregoing sections shall be deemed to be without prejudice to the obligations binding upon
directors and Members of Senior Management to report Personal Transactions in Affected Securities to the CNMV
in compliance with applicable legal provisions.

6. The Unit shall inform each of the persons to whom this article applies of the obligation to comply with it.
Article 11. Limitations on Personal Transactions in Affected Securities

1. Affected Persons, Treasury Share Managers and their corresponding Connected Persons may not conduct Personal Transactions in Affected Securities:

   a. During a period of thirty calendar days prior to the date provided for the disclosure by the Company to the markets of the content of the half yearly or yearly financial report or interim management statement. In any event, the Unit may provide that the aforementioned period be greater and may also apply the rules on prohibition against Personal Transactions in Affected Securities to other cases in which said prohibition is advisable due to the nature thereof. The Unit shall communicate to Affected Persons and Treasury Share Managers both the order prohibiting Personal Transactions in Affected Securities as well as the lifting of the suspension.

   For purposes of clarification, neither the acquisition of shares as a result of the delivery thereof by the Company as remuneration nor the subscription of shares in capital increases with a charge to reserves in the exercise of the free-of-charge allocation rights given to the Affected Persons as owners of the Company’s shares shall be deemed Personal Transactions in Affected Securities subject to the restrictions established in the preceding paragraph. However, during the period referred to in the preceding paragraph, the sale of said free-of-charge allocation rights shall require the prior approval of the Unit.

   b. When they have Inside Information concerning the Affected Securities or the issuer thereof pursuant to the provisions of article 5 of these Regulations, except for the instances provided for therein.

   c. When expressly determined by the Unit in order to best comply with these Regulations.

2. Insiders may not conduct transactions in Affected Securities while they have such status, except in the instances set forth below and in article 5 of these Regulations.

   For purposes of clarification, Insiders may acquire shares as a result of the delivery thereof by the Company as remuneration and subscribe shares in capital increases with a charge to reserves in the exercise of the free-of-charge allocation rights given to Insiders as owners of the Company’s shares shall be deemed Personal Transactions in Affected Securities. However, for so long as they maintain such status, Insiders may not sell said free-of-charge allocation rights or the shares received as remuneration in kind or subscribed in the exercise of said free-of-charge allocation rights.

   If Insiders have any question regarding the scope of the prohibition set forth in this section, they must submit them to the director of the Unit, who may forward them to the Unit. Insiders must refrain from taking any action until they have received an answer to their inquiry from the director of the Unit.

3. Without prejudice to articles 5 and 6 of the Regulations and other applicable rules, the Unit may authorise Affected Persons and their respective Connected Persons to engage in Personal Transactions for a limited period of time within the period set out in letter a) of section 1 above, in any of the following instances:

   a. In exceptional circumstances, such as severe financial difficulty, which require the immediate sale of the Affected Securities, in any case after a written request addressed to the Unit (or to the Secretary of the Board of Directors in the case of directors, the secretary, the deputy secretaries or the legal counsel of the Board of Directors, as well as the secretaries of the committees of the Board of Directors) describing and providing the reasons for the Personal Transaction by the relevant Affected Person.

   b. Personal Transactions within the framework of or relating to share incentive plans or regarding pre-emptive subscription rights or bonus shares.

   c. Personal Transactions where the beneficial interest in the relevant security does not change.

   In any event, the Affected Person must demonstrate to the Unit that the specific Personal Transaction cannot be effected at another moment in time that is not during the closed period set out in letter a) of section 1 above.

4. If Affected Persons (other than members of the Board of Directors, deputy secretaries and the legal counsel to the Board of Directors, as well as the secretaries of the committees) have any questions regarding Personal Transactions in Affected Securities, they must submit them to the director of the Unit, who may forward them to the Unit. Affected Persons must refrain from taking any action until they have received an answer to their inquiry from the director of the Unit. By way of exception, members of the Board of Directors (as well as deputy secretaries,
the legal counsel to the Board of Directors and the secretaries of the committees of the Board of Directors) shall follow the same procedure, submitting their questions to the Office of the Secretary of the Board of Directors, which will make a decision in consultation, if applicable, with the Unit.

**Article 12. Portfolio Management**

Whenever any Affected Person or Treasury Share Manager or their respective Connected Persons sign a discretionary portfolio management contract, such contract shall be deemed to be a Personal Transaction in Affected Securities. Therefore, the following rules shall apply to such contracts:

a. Authorisation: the formalisation of discretionary portfolio management contracts by Affected Persons, Treasury Share Managers or their respective Connected Persons shall require the prior authorisation of the Unit, which shall verify that the contract will comply with the provisions of the paragraph c) below. A denial of the authorisation shall be duly substantiated.

b. Communication: after obtaining the authorisation referred to in the preceding letter, Affected Persons (other directors, the secretary, the deputy secretaries and the legal counsel of the Board of Directors, as well as the secretaries of the committees of the Board of Directors) and the Treasury Share Managers must report to the Unit any portfolio management contracts that they formalise within three business days of the date of execution, and must provide the aforementioned body, on a half yearly basis, with a copy of the information sent to them by the portfolio manager in relation to the Affected Securities, including the date, number, price and type of transactions conducted, all without prejudice to the provisions of article 10. The directors, the secretary, the deputy secretaries and the legal counsel to the Board of Directors, as well as the secretaries of the committees of the Board of Directors, shall send such notifications upon the same terms to the Office of the Secretary of the Board of Directors.

c. Contracts: the discretionary portfolio management contracts must expressly state that they are subject to these Regulations.

They must also contain an express instruction to the manager to refrain from engaging in those transactions in Affected Securities that are prohibited by these Regulations.

By way of exception to the provisions of the preceding paragraph, discretionary portfolio management contracts that do not contain the aforementioned instruction may be executed if they are executed at a time when the Affected Persons or the Treasury Share Managers or corresponding Connected Person is not in possession of Inside Information and if it is absolutely and irrevocably guaranteed in said contracts:

i. that the transactions shall be carried out without the participation of above persons, and therefore exclusively using the professional judgement of the manager and in accordance with the criteria generally applied to customers with similar financial and investment profiles; and

ii. that the corresponding transaction in Affected Securities shall be immediately disclosed in order for the above persons to be able to comply with their duty of disclosure pursuant to the provisions of article 10 of these Regulations.

d. Prior contracts: Contracts formalised prior to the effectiveness of these Regulations or to the consideration of a person as an Affected Persons or a Treasury Share Manager must be adapted to the provisions set forth herein. Until such adaptation occurs, Affected Persons or Treasury Share Managers or their corresponding Connected Persons shall direct the manager not to carry out any transaction in the Affected Securities.

**TITLE V. TREASURY SHARE TRANSACTIONS**

**Article 13. Treasury Share Transactions regarding Shares of the Company**

1. Treasury Share Transactions shall always pursue lawful aims, such as, among others, providing investors with sufficient liquidity and depth in the trading of shares of the Company, stabilising the price of the shares after a public offering for the sale or subscription of shares through the loan by the Company of its own shares and the grant to the underwriters of the transaction of an option to purchase or subscribe the shares, implementing programmes for the purchase of the Company’s own shares approved by the Board of Directors under the corresponding authorisation of the shareholders acting at a General Shareholders’ Meeting, complying with legitimate previously agreed commitments, or any other purpose allowed under applicable law.

2. Treasury Share Transactions by the Group shall in no event be carried out based on Inside Information.

3. The management of treasury shares shall be implemented with complete transparency in the relations with supervisors and with market regulators.
4. The Finance and Resources Division, as the body responsible for conducting Treasury Share Transactions, shall perform the following duties:
   a. Appoint the Head of Treasury Share Management, who will report monthly to the Audit and Risk Supervision Committee on trading in own shares of the Company and financial instruments and contracts of any kind traded on organised secondary markets that give the right to acquire or whose underlying assets are such shares.
   b. Manage treasury shares in accordance with the provisions of this article.
   c. Monitor the listing price of the Company’s shares on the markets.
   d. Keep a file of all Treasury Share Transactions that have been ordered and carried out.
   e. Through the Head of Treasury Share Management, inform the Unit, at the request thereof, regarding changes in the price of the Company’s shares on the markets and regarding Treasury Share Transactions carried out, as well as report such transactions to the CNMV in compliance with applicable rules and regulations and with the liquidity agreement that the Company has signed or is going to sign with a market member.

5. If Treasury Share Managers have any inquiries regarding transactions in Affected Securities, they must submit them to the Company’s CFO or to the director of the Unit, who may decide to forward them to the Unit if the latter so deems appropriate. Treasury Share Managers must refrain from taking any action until they obtain the corresponding answer to their inquiry from the CFO or the director of the Unit, as applicable.

6. The Company shall endeavour to ensure that treasury share management is separate and apart from the rest of its activities and that Treasury Share Transactions are avoided or reduced during those periods that are blocked pursuant to applicable legal provisions. For such purposes, Treasury Share Managers shall make a special commitment to maintain confidentiality with respect to Treasury Share Transactions.

7. In Treasury Share Transactions, the Group shall observe, in addition to the provisions of this article, all obligations and requirements that may arise from applicable legal provisions as well as the standards provided for in the Treasury Share Policy, avoiding any conduct that might constitute market abuse.

### TITLE VI. PERSONAL TRANSACTIONS BY TREASURY SHARE MANAGERS

#### Article 14. Restrictions on Personal Transactions by Treasury Share Managers

1. Treasury Share Managers shall refrain from using corporate resources of the Company to enter into transactions for their own account in any securities or financial instruments, including the Affected Securities.

2. Treasury Share Managers shall refrain from entering into advance transactions for their own account regarding Affected Securities when they are aware of upcoming activities of the Company regarding its own shares, as well as from entering into any other transactions that constitute a use for their own benefit of the information obtained as a result of their participation in the management of the Company’s treasury shares.

#### Article 15. Notice of Transactions in Affected Securities

1. Without prejudice to other obligations to notify the Unit set forth in these Regulations, Treasury Share Managers shall notify the Unit by any means that allows for the receipt thereof, in advance and at least twenty-four hours prior to giving the relevant order, of the intention to enter into transactions for their own account in Affected Securities. If the notice cannot be provided with the minimum advance period of twenty-four hours due to reasons of urgency, it may be made with a lesser period of advance notice, but in such case the prior authorisation of the director of the Unit must be obtained before entering into the corresponding transaction.

2. The register of notices referred to in article 10.4 of these Regulations shall also include the notices referred to in this article.

### TITLE VII. COMPLIANCE UNIT

#### Article 16. Rules Applicable to the Unit within the Framework of these Regulations

1. The Unit shall ensure that these Regulations are observed, and its duties for such purpose shall include:
a. Promoting the awareness by Affected Persons, Treasury Share Managers and Insiders and by the Group in general of these Regulations and other rules governing conduct with respect to the securities markets.

b. Answering any questions or queries that may arise in connection with the content, interpretation, application or fulfilment of these Regulations, without prejudice to the possibility of submitting to the Board of Directors those issues that the Unit deems necessary or appropriate.

c. Determining the persons who are to be considered Affected Persons for purposes of these Regulations pursuant to the provisions of article 2.

d. Preparing and updating the Register of Affected Persons and the Register of Treasury Share Managers as provided for in articles 7 and 9 above.

e. Informing Affected Persons and Treasury Share Managers of their inclusion in the Register of Affected Persons and Register of Treasury Share Managers, respectively, and of the other circumstances referred to in articles 7.4 and 9.4 above, as applicable.

f. Keeping a copy of the Register of Affected Persons, of the Register of Insiders and of the Register of Treasury Share Managers in electronic format and available to the supervising authorities, in accordance with and upon the terms set forth in articles 7, 8 and 9 above.

g. Determining the securities, instruments and contracts that are to be considered Affected Securities for purposes of these Regulations pursuant to the provisions of letter u) of article 1 above.

h. Giving the relevant authorisations so that Affected Persons, Treasury Share Managers or their Connected Persons may enter into a discretionary portfolio management agreement in accordance with the provisions of article 12 above.

i. Notifying Affected Persons and Treasury Share Managers of both the orders prohibiting Personal Transactions in Affected Securities set forth in article 11.1.a) as well as the lifting of the suspension.

j. Determining the Personal Transactions in Affected Securities that deemed to be prohibited pursuant to the provisions of article 11.1.c) above and providing the appropriate notices to the Affected Persons and Treasury Share Managers of both the orders prohibiting Personal Transactions in Affected Securities under such provision as well as the lifting of the suspension.

k. Establishing and modifying criteria, definitions and procedures in connection with the duties and obligations established in these Regulations when deemed necessary for the correct interpretation and implementation hereof.

l. Proposing to the Board of Directors security measures for the custody, filing, reproduction, distribution of and access to Inside Information for inclusion in the Internal Rules for the Processing of Inside Information.

m. Determining, if appropriate, pursuant to the provisions of article 5.11 above, the areas with registers, files and computer systems that should have restricted access despite not having Inside Information.

n. Keeping on file and keeping custody, for at least five years, of all communications sent thereto in compliance with these Regulations.

o. Developing the procedures and rules deemed appropriate for the application of these Regulations, which may be regularly submitted for assessment to an internal or external body or entity that shall in all cases be independent of the Unit, and that shall review the effectiveness and conformity of such procedures and rules with the application of these Regulations.

p. Making immaterial changes, or those required by regulatory changes, to the annexes to these Regulations.

q. Any other specific or permanent duty that may be assigned thereto by the Board of Directors of the Company.

2. The Unit may request such data and information from the Finance and Resources Division and any other division of the Company as it deems necessary for the performance of its duties.

3. The Unit shall inform the Sustainable Development Committee of the measures taken to promote awareness of and ensure compliance with these Regulations and the applicable rules and regulations concerning the securities markets at least on an annual basis, and whenever it may see fit or be required to do so.

4. In addition, on an annual basis after the close of each financial year, the Unit shall notify both the Office of the Secretary of the Board of Directors and the Finance and Resources Division of the main conclusions and resolutions it adopts in the performance of the duties entrusted thereto under these Regulations. For purposes
of clarification, said notice must include: any decisions made by the Unit and the actions taken under paragraphs b), c), g), i), j), k), l) and o) of section 1 above; the Unit’s interpretations of aspects of these Regulations that have given rise to questions; and other issues that the Unit deems necessary or appropriate.

5. The Unit may include content within the Employee Portal in order to promote the awareness of these Regulations and of the rules for conduct by the Group’s professionals in the securities markets, as well as to establish software applications so that Affected Persons, Treasury Share Managers and Insiders have the possibilities set forth below, by way of example and not limitation:

a. To view these Regulations.

b. To view its implementing rules that are approved by the Board of Directors or the Unit itself.

c. To be aware of the interpretations of the Unit regarding aspects of these Regulations that have given rise to questions.

d. To download the forms required to seek authorisations or make any mandatory communications.

e. To inform the Unit, through software applications, of their transactions in Affected Securities, pursuant to the provisions of articles 10 and 15 of these Regulations, as applicable, or such other transactions for which notice must be given pursuant to these Regulations.

f. To inform the Unit through e-mail of any misuse or disloyal use of Inside Information of which they are aware, pursuant to the provisions of article 5.6.d) of these Regulations.

6. The members of the Unit shall maintain secrecy regarding the deliberations and resolutions of this body, shall generally refrain from disclosing the information, data, reports or background to which they have access in the performance of their duties, and shall refrain from making use thereof for the benefit of themselves or third parties, without prejudice to the transparency and reporting obligations provided for in the Company’s Corporate Governance System and by applicable law. The duty of confidentiality of the members of the Unit shall survive even after the members no longer hold such position.

TITLE VIII. BREACH

Article 17. Breach

Failure to comply with the provisions of these Regulations shall have the consequences provided for by applicable law.
ANNEX 1 - Internal Regulations for Conduct in the Securities Markets

Template for Recording a Decision to Delay the Dissemination of Inside Information

Pursuant to the provisions of article 4.1 of the Internal Regulations for Conduct in the Securities Markets (the “Regulations”) of IBERDROLA, S.A. (“Iberdrola” or the “Company”), the Company, by decision of the Person Responsible for Inside Information, or upon a proposal thereof, by decision of the body responsible for approval of the operation, transaction or internal process that may involve access to Inside Information, may delay the public dissemination of the inside information if all of the conditions set forth in the Regulations are met. Capitalised terms not expressly defined in this template shall have the meaning ascribed thereto in the Regulations.

Upon making the decision to delay referred to in article 4.1 of the Regulations, the Person Responsible for Inside Information must record said circumstance in a manner that ensures the maintenance thereof in a durable medium, upon the terms set forth in applicable legal provisions, and by filling out this template.

<table>
<thead>
<tr>
<th>PROJECT “[●]”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delayed disclosure of Inside Information document (article 17.4 of the MAR and article 4.1 of Commission Implementing Regulation (EU) 2016/1055)</td>
</tr>
<tr>
<td>1. Inside Information (article 4.1.a) Regulation 2016/1055</td>
</tr>
<tr>
<td>a) Date and time at which the Inside Information first existed within the Group:</td>
</tr>
<tr>
<td>b) Date and time at which the decision to delay the dissemination of the Inside Information was made:</td>
</tr>
<tr>
<td>c) Date and time at which the Company will probably disclose the Inside Information:</td>
</tr>
<tr>
<td>2. Persons responsible for the management of the Inside Information (article 4.1.b) Regulation 2016/1055</td>
</tr>
<tr>
<td>a) Identity and position of the persons within the Group who have made the decision to delay dissemination of the Inside Information and who will decide on the commencement of the delay and the probable end thereof: [Must be the Person Responsible for Inside Information, or any superior thereof]</td>
</tr>
<tr>
<td>b) Identity and position of the persons within the Group responsible for ensuring the continuous monitoring of the conditions of the delay, as well as for collecting the relevant evidence of any change in compliance with the requirements of article 17.4 of the MAR during the period of delay: [Must be the Person Responsible for Inside Information, or any superior thereof]</td>
</tr>
<tr>
<td>c) Identity of the persons within the Group responsible for making the decision to publish the Inside Information: [Must be the Person Responsible for Inside Information, or any superior thereof]</td>
</tr>
<tr>
<td>d) Identity of the persons within the Group responsible for providing information requested regarding the delay and for the written explanation to the competent authority: Secretary of the Board of Directors, or any of the deputy secretaries of the Board of Directors, with the required support of the [Person Responsible for Inside Information]</td>
</tr>
<tr>
<td>3. Compliance with the conditions for delaying the dissemination of Inside Information (article 4.1.c) Regulation 2016/1055</td>
</tr>
<tr>
<td>a) Immediate disclosure of the Inside Information may harm the legitimate interests of the Company: Immediate publication of the Inside Information may [include the harm that could be caused by immediate dissemination of the information]</td>
</tr>
<tr>
<td>b) There are no reasons to believe that the delay in dissemination of the Inside Information might mislead the public: It is confirmed that there are no reasons to believe that the public may be misled.</td>
</tr>
<tr>
<td>c) Barriers established internally and with respect to third parties to prevent access to Inside Information by persons who should not have it in the ordinary course of their employment, profession or duties within the Group or by a participant in the emission rights market: Access to Inside Information shall be prevented for all those persons who should not have it in the ordinary course of their employment, profession or duties within the Group. The Group has barriers established in the Regulations and the Internal Rules for the Processing of Inside Information, among others, for these purposes.</td>
</tr>
<tr>
<td>d) Mechanisms established to disclose the relevant Inside Information as soon as possible when confidentiality can no longer be guaranteed: The Company also has action protocols established in the Regulations and the Internal Rules for the Processing of Inside Information in the event that the confidentiality of the information ceases to be guaranteed for any reason. Therefore, it has been established that if the confidentiality of the information ceases to be guaranteed, it must be immediately disclosed to the market.</td>
</tr>
</tbody>
</table>
ANNEX 2 - Internal Regulations for Conduct in the Securities Markets

Consent Statement for Affected Persons

To the Compliance Unit

The undersigned, ................................................................., born on ............, with current Tax ID Number (NIF) .............., with a personal address at ................., with professional fixed and mobile phone numbers .................. and personal fixed and mobile numbers ..................., in his/her capacity as an Affected Person (as this term is defined in the Internal Regulations for Conduct in the Securities Markets – the “Regulations”) declares that he/she has received a copy of the Regulations and of the Internal Rules for the Processing of Inside Information (the “Rules”), and expressly represents that he/she is in agreement with the content thereof and has given written notice to his/her Connected Persons of the obligations arising from these Regulations[1].

In addition, the undersigned declares that he/she has been informed that:

i. Pursuant to the provisions of the restated text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October (the “LMV”), the improper use of the Inside Information to which he/she may have access, as well as a breach of the other obligations provided for in the Regulations, might amount to a serious or very serious infringement or the crime of abuse of inside information in the stock exchange market contemplated in articles 285, 285 bis, 285 ter and 285 quater of Implementing Law 10/1995 of 23 November of the Criminal Code (the “Criminal Code”).

ii. The improper use of Inside Information, as well as a breach of the other obligations provided for in the Regulations, may be punished in the manner provided for by sections 302 and 303 of the LMV and by articles 285, 285 bis, 285 ter and 285 quater of the Criminal Code, with fines, public reprimands, removal from office and imprisonment.

Pursuant to the provisions of Regulation (EU) 2016/679 of 27 April 2016 and Implementing Law 3/2018 of 5 December on the Protection of Personal Data and guarantee of digital rights, the undersigned declares that he/she has been informed that his/her data of a personal nature contained in this statement and provided subsequently on occasion of the notifications made in compliance with the Regulations will be processed under the responsibility of IBERDROLA, S.A., domiciled in Bilbao (Biscay), at Plaza Euskadi, número 5, for purposes of (i) the implementation and control of the provisions of the Regulations, and (ii) compliance with legal obligations. The processing is necessary for such purposes and the legal basis is compliance with legal obligations.

The undersigned also declares that he/she is aware that the Data Protection Officer of IBERDROLA, S.A. may be contacted at the following email address: dpo@iberdrola.es.

The undersigned has been informed that his/her personal data may be communicated to government agencies, including the National Securities Market Commission, to comply with legal obligations of IBERDROLA, S.A., that his/her personal data will be maintained for so long as he/she is considered an Affected Person by the Compliance Unit and that, after said period, said personal data will be maintained until the passage of the limitations period on potential legal actions for the violations referred to in paragraph (i) of this statement.

In addition, the undersigned declares that he/she has been informed that he/she may exercise the rights of access, rectification, deletion, limitation, portability or opposition, based on the provisions of applicable law in connection therewith, by contacting IBERDROLA, S.A. in writing at the address set forth above. The undersigned also declares that he/she has been informed of the right thereof to file a claim with the Spanish Data Protection Agency.

[Finally, for purposes of their inclusion in the Register of Affected Persons of the Company, he/she declares that his/her Connected Persons are the following:

i. [Name of Person Connected to the director or Member of Senior Management and national identity document or passport number].

ii. [Name of Person Connected to the director or Member of Senior Management and national identity document or passport number].][2].

---

1 The bracketed text must be included if the Affected Person is a director or Member of Senior Management (as this term is defined in the Regulations).

2 The bracketed text must be included if the Affected Person is a director or Member of Senior Management.
The undersigned declares that he/she has previously informed his/her Connected Persons regarding the processing of their personal data by IBERDROLA, S.A. and of their respective rights, on the terms set forth above, and undertakes to provide to IBERDROLA, S.A., upon request at any time, written evidence thereof.

In ................., on this .................. day of 20......

Signed: ...........................................
ANNEX 3 - Internal Regulations for Conduct in the Securities Markets

Register of Insiders Template

PROJECT “[●]” - Register of Insiders

Date and time (of creation of this section of the list of insiders, i.e. the time at which this Inside Information became known): [yyyy-mm-dd; hh:mm UTC (Coordinated Universal Time)]

Date and time (last update): [yyyy-mm-dd; hh:mm UTC (Coordinated Universal Time)]

Date of transfer to the competent authority: [yyyy-mm-dd]

Capitalised terms not expressly defined in this register shall have the meaning ascribed thereto in the Internal Regulations for Conduct in the Securities Markets of IBERDROLA, S.A. (“Iberdrola” or the “Company”), with a registered office in Bilbao (Biscay), at Plaza Euskadi número 5. This Register of Insiders refers to Inside Information relating to [Affected Securities / [add any other securities that might be affected by the information]]

<table>
<thead>
<tr>
<th>Name(s)</th>
<th>Surname(s)</th>
<th>Business telephone numbers (direct landline and mobile line)</th>
<th>Function of and reasons for which there is access to Inside Information</th>
<th>Date and time of accessing the Inside Information</th>
<th>Termination of access to the Inside Information</th>
<th>Date of birth</th>
<th>National identification number (if any)</th>
<th>Personal telephone numbers (landline and mobile line)</th>
<th>Full personal address (street; number; city; postal code; country)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Text]</td>
<td>[Text]</td>
<td>[Numbers (no spaces)]</td>
<td>[Text]</td>
<td>[yyy-mm-dd, hh:mm UTC]</td>
<td>[yyy-mm-dd, hh:mm UTC]</td>
<td>[Text]</td>
<td>[Text]</td>
<td>[Numbers (no spaces)]</td>
<td>[Text]</td>
</tr>
</tbody>
</table>
ANNEX 4 - Internal Regulations for Conduct in the Securities Markets

Consent Statement for Insiders

To the Compliance Unit

The undersigned, .............................................................., born on ............, with current Tax ID Number (NIF) ................., with a personal address at ................., with professional fixed and mobile phone numbers .................. and personal fixed and mobile phone numbers .................., in his/her capacity as an Insider (as this term is defined in the Internal Regulations for Conduct in the Securities Markets –the “Regulations”) declares that he/she has received a copy of the Regulations and of the Internal Rules for the Processing of Inside Information and expressly represents that he/she is in agreement with the content of both such documents.

In addition, the undersigned declares that he/she has been informed that:

i. Pursuant to the provisions of the restated text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October (the “LMV”), the improper use of the Inside Information to which he/she may have access, as well as a breach of the other obligations provided for in the Regulations, might amount to a serious or very serious infringement or the crime of abuse of inside information in the stock exchange market contemplated in articles 285, 285 bis, 285 ter and 285 quater of Implementing Law 10/1995 of 23 November of the Criminal Code (the “Criminal Code”).

ii. The improper use of Inside Information, as well as a breach of the other obligations provided for in the Regulations, may be punished in the manner provided for by sections 302 and 303 of the LMV and by articles 285, 285 bis, 285 ter and 285 quater of the Criminal Code, with fines, public reprimands, removal from office and imprisonment.

Pursuant to the provisions of Regulation (EU) 2016/679 of 27 April 2016 and Implementing Law 3/2018 of 5 December on the Protection of Personal Data and guarantee of digital rights, the undersigned declares that he/she has been informed that his/her data of a personal nature contained in this statement and provided subsequently on occasion of the notifications made in compliance with the Regulations will be processed under the responsibility of IBERDROLA, S.A., domiciled in Bilbao (Biscay), at Plaza Euskadi, número 5, for purposes of (i) the implementation and control of the provisions of the Regulations, and (ii) compliance with legal obligations. The processing is necessary for such purposes and the legal basis is compliance with legal obligations.

The undersigned also declares that he/she is aware that the Data Protection Officer of IBERDROLA, S.A. may be contacted at the following email address: dpo@iberdrola.es.

The undersigned has been informed that his/her personal data may be communicated to government agencies, including the National Securities Market Commission, to comply with legal obligations of IBERDROLA, S.A., that his/her personal data will be maintained for so long as he/she is considered an Insider by the Compliance Unit and that, after said period, said personal data will be maintained until the passage of the limitations period on potential legal actions for the violations referred to in paragraph (i) of this statement.

In addition, the undersigned declares that he/she has been informed that he/she may exercise the rights of access, rectification, deletion, limitation, portability or opposition, based on the provisions of applicable law in connection therewith, by contacting IBERDROLA, S.A. in writing at the address set forth above. The undersigned also declares that he/she has been informed of the right thereof to file a claim with the Spanish Data Protection Agency.

In ................., on this ................ day of 20......

Signed: ...........................................
ANNEX 5 - Internal Regulations for Conduct in the Securities Markets

Consent Statement for Treasury Share Managers

To the Compliance Unit

The undersigned, .............................................................................., born on ............., with current Tax ID Number (NIF) ....................., with a personal address at .............., with professional fixed and mobile phone numbers .................... and personal fixed and mobile phone numbers ...................., in his/her capacity as Treasury Share Manager, declares that he/she has received a copy of the Internal Regulations for Conduct in the Securities Markets (the “Regulations”) and of the Internal Rules for the Processing of Inside Information and expressly represents that he/she is in agreement with the content thereof.

In addition, the undersigned declares that he/she has been informed that:

i. Treasury Share Transactions of the IBERDROLA, S.A. group shall not in any case be conducted on the basis of Inside Information.

ii. Pursuant to the provisions of the restated text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October (the “LMV”), the improper use of the Inside Information to which he/she may have access, as well as a breach of the other obligations provided for in the Regulations, might amount to a serious or very serious infringement or the crime of abuse of inside information in the stock exchange market contemplated in articles 285, 285 bis, 285 ter and 285 quater of Implementing Law 10/1995 of 23 November of the Criminal Code (the “Criminal Code”).

iii. The improper use of Inside Information, as well as a breach of the other obligations provided for in the Regulations, may be punished in the manner provided for by sections 302 and 303 of the LV and by articles 285, 285 bis, 285 ter and 285 quater of the Criminal Code, with fines, public reprimands, removal from office and imprisonment.

iv. In the event that, despite the precautions adopted in compliance with applicable law and the internal regulations of IBERDROLA, S.A. in this area, he/she has access to any Inside Information, he/she must refrain from conducting, ordering or participating in the process for deciding the Treasury Share Transactions and must give immediate notice thereof to the Compliance Unit, as well as to the Company’s CFO.

v. Without prejudice to the confidentiality obligations applicable thereto as a professional of IBERDROLA, S.A., the undersigned, as a Treasury Share Manager, assumes a special commitment of confidentiality with respect to Treasury Share Transactions.

In particular, there is an obligation to keep confidential and not communicate or disclose to third parties, whether directly or indirectly, any information regarding the treasury share strategy or transactions of IBERDROLA, S.A., or any other information that the undersigned becomes aware of while registered with the Register of Treasury Share Managers as a result of the performance of the duties thereof regarding the management of the treasury shares of IBERDROLA, S.A., without the consent thereof, except in the performance of duties regarding the management of the treasury shares or by legal mandate.

In addition, the undersigned undertakes to use such information solely for the purpose of complying with the undersigned’s duties regarding the management of the treasury shares of IBERDROLA, S.A. and to refrain from performing any transactions that constitute a use thereof for his/her own benefit or that of third parties.

Pursuant to the provisions of Regulation (EU) 2016/679 of 27 April 2016 and Implementing Law 3/2018 of 5 December on the Protection of Personal Data and guarantee of digital rights, the undersigned declares that he/she has been informed that his/her data of a personal nature contained in this statement and provided subsequently on occasion of the notifications made in compliance with the Regulations will be processed under the responsibility of IBERDROLA, S.A., domiciled in Bilbao (Biscay), at Plaza Euskadi, número 5, for purposes of (i) the implementation and control of the provisions of the Regulations, and (ii) compliance with legal obligations. The processing is necessary for such purposes and the legal basis is compliance with legal obligations.

The undersigned also declares that he/she is aware that the Data Protection Officer of IBERDROLA, S.A. may be contacted at the following email address: dpo@iberdrola.es.

The undersigned has been informed that his/her personal data may be communicated to government agencies, including the CNMV, to comply with legal obligations of IBERDROLA, S.A., that his/her personal data will be maintained for so long as he/she is considered a Treasury Share Manager by the Compliance Unit and that, after said period, said personal data will be maintained until the passage of the limitations period on potential legal actions for the violations referred to in paragraph (ii) of this statement.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
In addition, the undersigned declares that he/she has been informed that he/she may exercise the rights of access, rectification, deletion, limitation, portability or opposition, based on the provisions of applicable law in connection therewith, by contacting IBERDROLA, S.A. in writing at the address set forth above. The undersigned also declares that he/she has been informed of the right thereof to file a claim with the Spanish Data Protection Agency.

In .................., on this .................. day of 20......

Signed: ...........................................
## ANNEX 6 - Internal Regulations for Conduct in the Securities Markets

**Template for the Notification of Personal Transactions in Affected Securities by Affected Persons and Treasury Share Managers (other than Directors, Senior Officers and persons connected thereto)**

| Name and surnames of the Affected Person or Treasury Share Manager |  |
| Person Connected to the Affected Person or to the Treasury Share Manager engaging in the transaction (if any) |  |
| Date of the transaction |  |
| Type of transaction | Purchase | Sale | Other |
| Affected Securities (mark as appropriate) | Shares of Iberdrola, S.A. | Other |
| Number of Affected Securities |  |
| Price |  |
| Market in which the transaction took place | Continuous market | Other |
| Intermediary (only for transactions pursuant to discretionary portfolio management contracts) |  |

In .................., on this .................. day of 20......

Signed: ...........................................

---

3 Transactions should only be communicated once they exceed a total amount of twenty thousand euros during a calendar year.
4 Fill out separate forms if there are transactions at different prices.

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
II. Internal Rules for the Processing of Inside Information

21 July 2020

Preamble

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TITLE III. MANAGEMENT OF NEWS AND RUMOURS 375

Preamble

These Internal Rules for the Processing of Inside Information (the “Rules”) form part of the Corporate Governance System of IBERDROLA, S.A. (the “Company”) and are approved by the Company’s Board of Directors upon a proposal of the Compliance Unit (the “Unit”), elaborating upon the Internal Regulations for Conduct in the Securities Market (the “Internal Regulations for Conduct”), article 5.3 of which provides that security measures shall be established and complied with for the custody, filing, access, reproduction and distribution of Inside Information, as such term is defined in the Internal Regulations for Conduct.

PRELIMINARY TITLE

Article 1. Definitions

Capitalised terms used in these Rules and not expressly defined shall have the meaning ascribed to them in the Internal Regulations for Conduct.

For purposes of these Rules, the following terms shall have the meaning ascribed below:

a. Notice of Information: a notice sent by the Company to the CNMV for publication and dissemination to the market of Inside Information or other relevant information.

b. Leak: premature, partial or distorted disclosure to the market of all or part of the Inside Information, regardless of whether or not such information is known by the company to which it pertains.


d. News: information disseminated by the news media or social media regarding the Company, the Group or Affected Securities that could have an impact on the listing prices thereof.

e. Authorised Persons: means, within the context of a specific operation, transaction, internal process, activity or event in which Inside Information is received, generated or accessed, the group of Affected Persons or Insiders that are authorised to access such information.

f. Rumour: speculation without identified author or provenance, disseminated to the market regarding the Company, the Group or Affected Securities, that could have an impact on the listing prices thereof, whether or not picked up by the news media.

Article 2. Object

The object of these Rules is to establish the rules and procedures for the internal processing and management and the control of the internal and external transmission to third parties outside of the Group of Inside Information, whatever the location, format, media or means of transmission thereof, in order to protect the interests of shareholders and investors and to prevent and avoid any instances of misuse.

Article 3. Scope

1. These Rules apply to the Company and to the other companies within its Group.

2. Listed country subholding companies that have adopted equivalent rules (which may be adapted to the particularities of the legal provisions of the market on which their securities are traded) and subsidiaries thereof shall be excluded from the scope of application of these Rules. In any event, said rules must be in accord with the principles set forth in these Rules.

Article 4. Dissemination

These Rules shall be communicated to and disseminated among Affected Persons and Insiders in accordance with the plan designed by the Unit for such purpose (and such Affected Persons and Insiders shall be required to be aware thereof and to comply therewith) as well as within the Finance and Resources and Corporate Security divisions.

Article 5. Duties of Affected Persons and Insiders in Connection with Inside Information

Affected Persons who have Inside Information, and any Insiders, shall be required to:
II. Internal Rules for the Processing of Inside Information

a. comply with the duties established in the Internal Regulations for Conduct and in these Rules;
b. safeguard the confidentiality of the Inside Information to which they have access, without prejudice to their duties of communication and cooperation with court and administrative authorities under the terms set forth in the MAR and other applicable legal provisions;
c. limit knowledge thereof strictly to those persons, inside or outside the Group, for whom access to the Inside Information is essential;
d. adopt appropriate measures to prevent the Inside Information from being misused or abused; and
e. give immediate notice to the Unit of any misuse or abuse of Inside Information of which they are aware.

Article 6. Interpretation

1. These Rules shall be interpreted in accordance with the legal provisions applicable to the Group and the provisions set forth in the Company's Corporate Governance System, and especially those contained in the Internal Regulations for Conduct.

2. The Unit shall be responsible for responding to any inquiries or concerns that may arise in connection with the content, interpretation, and application of or compliance with these Rules.

TITLE I. RULES AND PROCEDURES FOR THE PROCESSING AND INTERNAL AND EXTERNAL TRANSMISSION OF INSIDE INFORMATION

Article 7. Procedure for Determining the Inside Nature of the Information

1. Persons Responsible for Inside Information must:
   a. Classify as Inside Information the information received or generated in financial or legal operations or transactions, whether in the study or negotiation phase or of which they become aware at any other time or in any other situation, in which case they must cause the issuance of the relevant notice to the CNMV upon the terms and according to the procedure set forth in article 3 of the Internal Regulations for Conduct.
   b. Evaluate whether there are legitimate reasons for delaying dissemination of Inside Information upon the terms of article 4 of the Internal Regulations for Conduct, and if so make said decision or propose that the competent body so resolve for the approval of the operation or transaction in question.
   c. Once a decision has been made to delay the dissemination of Inside Information:
      i. endeavour to ensure that the processing and transmission of said information conforms to the provisions of these Rules;
      ii. implement appropriate measures to protect the confidentiality thereof;
      iii. comply with the other provisions of the Internal Regulations for Conduct (particularly articles 3, 4, 5 and 8) and the legal provisions on market abuse that are applicable to the decision made.

2. Without prejudice to the foregoing, the Unit may at any time request additional information regarding a particular project and regarding the classification of the information and any decision to delay dissemination thereof.

Article 8. Custody of Inside Information and Access Authorisation

1. The Person Responsible for Inside Information may delegate custody of Inside Information and of Confidential Documents to those persons entrusted with coordination of the work or transaction to which the Inside Information refers.

2. The Person Responsible for Inside Information shall be responsible for authorising or denying access to the Inside Information, and authorisation shall only be granted to those persons whose access is indispensable because of their work, profession or duties.
Article 9. Management of Confidential Documents

In addition to the provisions of the *Internal Regulations for Conduct* and any additional measures that might be established by the Unit regarding the processing and transmission of Confidential Documents, the following guidelines must be observed:

1. **Code name:** the responsible area shall assign code names to each operation or transaction, and the parts thereof, in which Inside Information is evidenced, received or generated. Such names shall be used in all communications relating to the operation or transaction, such that neither the parties involved therein nor the characteristics thereof may be identified.

2. **Marking or labelling:** Confidential Documents must be marked “CONFIDENTIAL” on the cover page, or in the subject line in the case of an e-mail, and must also include the date of issuance thereof. To the extent possible, it is also recommended that “CONFIDENTIAL” be repeated on each page and that reference be made that the use thereof is restricted.

3. **Use, access control and filing:**
   a. **General principle**

   Access to Confidential Documents, regardless of the format, media and storage location thereof, must be restricted to Authorised Persons and shall require the approval of the Person Responsible for Inside Information responsible for the custody thereof.

   They shall be kept in places set aside for such purposes, and designated cabinets or electronic media shall be determined for local filing purposes, which shall be fitted or equipped with special protective measures. Systems administrators, systems technical staff and the staff of other auxiliary services must be subject, to the maximum possible extent, to restrictions on the possibility of access to equipment or locations in which Inside Information is stored. In the event that access by any of the aforementioned persons is essential, the number of persons entitled to access must be kept to the minimum required, any such access must be recorded, and, in the case of a service provider from outside the Group, the service agreement must include clauses ensuring the confidentiality of any Inside Information to which access can be gained during the provision of the service.

   b. **Specific measures for documents in electronic format:**

   Confidential Documents in electronic format shall have security mechanisms ensuring that only Authorised Persons can access the contents thereof.

   Authorised Persons must use sites on the internal restricted access network for the temporary or permanent deposit of Confidential Documents to which only such persons may gain access. As regards e-mails containing Inside Information or having attachments with Inside Information, it is recommended to delete them from mailboxes and to save them within sites on the internal restricted access network. In no event shall memory sticks or USB drives be used to store or transmit Inside Information.

   In addition, Authorised Persons shall take the utmost care to prevent unauthorised persons from seeing Confidential Documents on the screen while Authorised Persons are working with such documents on a computer. Confidential Documents must be printed on local printers or printers that require the use of a password located in limited access zones, and must be collected immediately after the printing thereof. In the event that a unit of equipment containing Inside Information must undergo repair or maintenance work and such work is performed at the workstation itself, the user of the equipment must be present while such work is carried out. If the aforementioned work requires the removal of the equipment but does not affect the memory unit on which the Confidential Information is stored, it must be removed and left in the custody of the user, who must store it under lock and key. On the other hand, if the aforementioned work requires the removal of the equipment and requires or may require any action on the memory unit on which the Confidential Information is stored, the equipment may only be removed with the express authorisation of the Person Responsible for Inside Information. Whenever possible, any Inside Information contained in the memory of the equipment must be deleted prior to the removal (see section 5 below).

   c. **Specific measures for paper documents:**

   Authorised Persons shall store Confidential Documents in a safe place when they are away from their workstation.

   To the extent possible, Authorised Persons shall avoid placing Confidential Documents on meeting-tables or in meeting rooms without supervision, and must store such Confidential Documents in restricted access locations (such as offices and file rooms) and keep them in file cabinets (which, as a general rule, must be kept locked), the keys or combinations for access to which shall exclusively be available to such persons. If a risk of copies of keys or access codes is detected, such keys or codes must be replaced or changed.
d. Use during travel and in public places/on public transport:

When Authorised Persons travel with Confidential Documents (both in electronic and paper format), they shall take the utmost care in public places and on public transport (airports, aeroplanes, trains, taxis, etc.) to avoid the forgetting, misplacement or theft of Confidential Documents and to prevent any unauthorised persons accidentally or deliberately seeing the content thereof.

In particular, Authorised Persons must keep Confidential Documents under their control at all times, and must avoid storing them in luggage that is to be checked, leaving them inside a vehicle (even if such vehicle is kept locked), or in a hotel room when they leave it. If it is essential to leave Confidential Documents in a hotel, the safe must be used.

4. Reproduction, distribution and transmission:

a. General rules:

The making of copies of Confidential Documents is prohibited, unless the Person Responsible for Inside Information grants prior express authorisation for the delivery of such copies to an Authorised Person. Recipients of reproductions or copies must be advised of the prohibition against making second copies and using the information for purposes other than those for which it was disclosed to them. Only Authorised Persons may make copies of Confidential Documents. Copies of a Confidential Document shall be subject to the same protection and control requirements as the original.

The internal or external distribution or transmission of Inside Information shall be carried out with the prior express authorisation of the Person Responsible for Inside Information.

The area in charge of coordinating the work or transaction to which Inside Information refers shall establish a mechanism (whether manual or automated) for the control of the copying, distribution and transmission of Inside Information, such that the traceability thereof may be ensured, i.e. that each copy made of a confidential document, the person responsible for making it, the copies made of it and the person responsible for each copy, can be identified.

In addition, when justified and feasible in the opinion of the Unit, mechanisms shall be established to enable the detection of leaks or the unauthorised sending of Inside Information, which mechanisms shall be designed to facilitate a subsequent audit of procedures allowing for the discovery of the source of the leak.

i. Specific measures for documents in electronic format:

If Inside Information is distributed in electronic format, it must be ensured that only Authorised Persons can access the content thereof.

Confidential Documents sent in electronic format must be password-protected or encrypted by any other means. In this regard, a document can be deemed encrypted if the media or location in which it is contained is encrypted.

To the extent possible, all Inside Information sent in e-mails shall be sent as attachments protected in the manner set forth in the preceding paragraph.

Authorised Persons shall attempt to use safe channels (encrypted mail, VPN, secure FTP, etc.) for the distribution of Confidential Documents in electronic format and, in particular, sites on the internal network that are not under restricted access shall not be used for such purpose.

ii. Specific measures for paper documents:

Printed versions of Confidential Documents should preferably be delivered by hand. If this is not possible, protective measures must be maximised, and the persons in charge of keeping custody of the Confidential Documents shall be responsible for any such distribution. Distribution shall be effected in a sealed envelope bearing the name of the Authorised Person who is the recipient and marked such that the nature of the information contained therein is clear (for example, “CONFIDENTIAL INFORMATION”). The envelope must be a single-use envelope and of a type that allows the detection of any unauthorised opening. Moreover, an e-mail must be sent to the recipient stating that information will be sent thereto, without indicating the nature of such information, and the recipient shall be required to send a reply e-mail when receipt has effectively taken place. Confidential Documents must be collected and delivered by hand, such that they must not be deposited in trays or on the recipient’s desk when not present.

When documents are sent out, whether to other Company buildings or otherwise, the Confidential Documents shall be carried by authorised personnel and in compliance with security measures sufficient to ensure their safe carriage. If documents are sent to a location outside of the Company, they must be
sent through a courier and a delivery receipt must be obtained. In any event, records must be kept of incoming and outgoing items in connection with documents so sent.

During the delivery process, Confidential Documents must be stored in places that satisfy the access control and filing requirements described in section 3 above. In the event of loss or theft, immediate notice must be given to the issuer.

The use of fax machines as a means of transmission of Inside Information must be avoided.

b. Additional provisions governing the transmission of Inside Information to third parties:

Without prejudice to the rules and procedures described in the preceding sections of these Rules, the transmission of Inside Information to External Advisers must be restricted to those instances in which such transmission is essential in the opinion of the Person Responsible for Inside Information, and it shall particularly comply with the provisions of this section:

i. Inside Information shall be transmitted to External Advisers as late as possible given the nature of the operation or transaction in question:

ii. Prior to the transmission of any Inside Information, the External Advisers must sign a confidentiality undertaking with the Company in which they state that they are aware of or agree to: the confidential nature of the information transmitted; the obligations stemming from the legal provisions applicable to the Inside Information; the consequences of violating such legal provisions; and that they have the means required to ensure the confidential nature of the Inside Information. The foregoing shall not apply if the External Adviser is subject to a duty of secrecy under their professional rules. They shall also be informed of their obligation to create and keep up-to-date their own list of insiders in accordance with the provisions of the MAR, which shall include the persons of their organisation who have access to Inside Information. They shall also be required to state that they are aware of all of the foregoing.

The signing of such confidentiality undertaking shall also be required of those External Advisers (unless they are subject to a duty of secrecy under their professional rules) with whom contact is made at a preliminary phase and to whom the general outline of an operation or transaction is presented in order to request financing offers or advice, even if they do not ultimately participate in such transaction.

iii. In the event that Inside Information is transmitted to one or more External Advisers belonging to the same firm or entity, the confidentiality undertaking required in the preceding paragraph must be executed with the respective firm or entity, and shall equally bind all of the members of the organisation who come to know the Inside Information. In this case, the prior express authorisation of the Person Responsible for Inside Information shall not be required in order to transmit the Inside Information internally to the members of the organisation that need to know it.

Additionally, in the instance contemplated in the preceding paragraph, the internal processing of the Inside Information shall be subject to the provisions established for such purpose by the organisations to which the External Advisers belong.

iv. The content and implications of the confidentiality undertaking must be explained orally in a clear and concise manner in the case of External Advisers that may not be acquainted with the applicable legal provisions.

v. In any case, the transmission of Inside Information by one External Adviser to another External Adviser within a different firm or entity shall require the prior express authorisation of the Person Responsible for Inside Information and that such other External Adviser has itself signed a confidentiality undertaking equivalent to the one described in paragraph (ii) above, either with the Group or with the other External Adviser (unless it is subject to a duty of secrecy under its professional rules).

vi. The Unit or the Person Responsible for Inside Information may subject a transfer in electronic format of Inside Information to the External Advisers to encryption or protection of the Confidential Documents through any computerised procedure that restricts access to the Inside Information.

5. Disposal:

Authorised Persons who have had access to Inside Information must destroy any media containing copies of such information at the time they cease to be useful, unless there is a legal or business requirement that justifies the retention thereof. Specifically, there shall be maintained and there will be no obligation to destroy the original or master documents containing the Inside Information for at least the legal or internally established period.

Any disposal required pursuant to the provisions of this article must be handled in such a way as to ensure the complete destruction of the Inside Information.
When justified and feasible in the opinion of the Unit, Confidential Documents in electronic format must be disposed of by using a deletion tool that ensures that the deleted information is irretrievable. In the particular case that a computer of the Group is removed or discontinued from use or the internal memory or any other data storage device (which contains or contained Inside Information) is replaced, it must be destroyed such that the information stored cannot be retrieved.

Confidential Documents in paper format shall be destroyed by the means established by the Company for such purpose, consisting of paper-shredding machines (for small amounts of documentation) and of a centralised service for the mass destruction of documents (for large volumes).

The destruction of Confidential Documents shall be carried out exclusively by Authorised Persons; in particular, the destruction of Confidential Documents shall not be entrusted to persons who are not authorised to have access thereto. In the event that persons from outside the Company (for instance, specialised companies in the case of the destruction of large volumes of documentation) participate in the documentation destruction process, the service contracts must include clauses safeguarding the confidentiality of the Inside Information to which such external agents may have access during the destruction process. In addition, such external agents shall be required to issue a certificate evidencing the destruction of the Confidential Documents.

Article 10. Protection of Conversations

1. No matters relating to Inside Information shall be discussed in conversations with persons that are not authorised to access such information or in environments or under conditions where conversations may be heard by unauthorised persons.

2. Conversations in which Inside Information is discussed shall be held in rooms ensuring appropriate acoustic and visual isolation. Such rooms shall be locked from the inside in order to avoid unforeseen disruptions by unauthorised persons.

3. Any telephone conversation in which Inside Information is discussed must be held by using digital or mobile telephones at both ends.

4. It should be borne in mind that voice mail systems can be tampered with. Hence, certain precautions need to be taken when using such systems:
   a. change the voice mail system default access code; and
   b. never leave voice messages containing or relating to Inside Information.

4. In video-conferences or audio-conferences in which Inside Information is discussed, only the equipment provided for such purpose by the Company or a company of the Group or by trustworthy External Advisers shall be used, and protective measures intended to avoid intrusion by unauthorised persons shall be established.

TITLE II. LEAK OR UNLAWFUL USE OF INSIDE INFORMATION

Article 11. Action Protocol in the Event of Detection of a Leak or Unlawful Use of Inside Information

In the event that any person subject to the Internal Regulations for Conduct and/or to these Rules detects a possible Leak or an instance of unlawful use of Inside Information, action shall be taken as provided below:

a. The person shall, as soon as possible, give notice of the Leak or unlawful use of Inside Information of which the party has become aware to the Unit through its director or, in the absence thereof, through the secretary of the Unit.

   After receiving this notice, or if the Unit in any other way becomes aware of the possibility that a Leak or unlawful use of Inside Information has occurred, the Unit shall follow the procedure set out in the Guide, with the particular indications set out in this article 11.

b. The Unit may request such additional data and information from the Finance and Resources Division and any other Division of the Company as it deems necessary in relation to the procedure set out in the Guide. If there is a suspicion that the Leak or unlawful use of Inside Information comes from or has been made by External Advisers or by any other person or entity unrelated to the Group, the provisions of paragraph f) below shall apply.
c. Upon granting the corresponding investigation file leave to proceed, the Unit, after consulting with the Legal Services Division and, if appropriate, with the secretary (or in the absence thereof, with any of the deputy secretaries) of the Board of Directors, shall inform the CNMV of the opening of the investigation when legally required as well as if it so believes appropriate even if not required, provided that this does not include personal information of the person being investigated that allows for the identification thereof.

d. In addition to the provisions of the Guide, the Unit may ask the person under investigation:
   i. to provide the Company with any receipts for the transactions under investigation, as well as all information in the possession thereof relating to said transactions; and
   ii. to expressly consent in writing for the Company to contact the financial intermediaries with which the transactions under investigation may have been performed or other third parties when appropriate.

If the person under investigation states that he or she is willing to give the consent referred to in paragraph (ii) above, he or she will be asked to send a communication to each of the third parties that the Company intends to contact within the scope of the investigation, authorising them to provide the Company with the information required for the purposes indicated. The communication shall contain the provisions on personal data protection required by applicable law.

Alternatively, if the financial intermediary or third party from whom the person under investigation has requested the information demands security or indemnification from the Company for damages that may occur due to disclosure of the information requested that the Unit does not believe appropriate to provide, or if for any other reason it is not considered appropriate to obtain the information directly from third parties, the person under investigation shall be asked to personally request the relevant information from the financial intermediary or third party in question for such information to be sent to the Company in a sealed envelope to be subsequently opened in the presence of the person under investigation.

e. The Unit, after consulting with the Legal Services Division and, if appropriate, with the secretary (or in the absence thereof, with any of the deputy secretaries) of the Board of Directors, shall notify the CNMV of the disposition of the investigation when legally required, and may do so if it so believes appropriate even if not required, provided that this does not include personal information of the person being investigated that allows for the identification thereof.

f. Once the procedure set out in the Guide is completed, if it is verified that the Leak or unlawful use of Inside Information is attributable to an External Adviser or to any other person or entity unrelated to the Group, the Unit shall give notice thereof to the Legal Services Division in order to determine the adoption of any appropriate measures regarding the person or entity responsible for the Leak or unlawful use of Inside Information.

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**TITLE III. MANAGEMENT OF NEWS AND RUMOURS**


1. It is the responsibility of the Company’s Finance and Resources Division to perform ongoing monitoring and tracking of the market performance of listing prices and trading volumes of Affected Securities, Rumours that may be disseminated to the market, and News of which the Company should reasonably be aware.

To such end, the Finance and Resources Division shall establish the required coordination mechanisms with the Corporate Communications Division in order to have permanent access to such News.

2. The Finance and Resources Division shall report to the Unit, whenever requested thereby, regarding its ongoing monitoring and tracking of the market performance of listing prices and trading volumes of Affected Securities and of the Rumours and News disseminated to the market.


1. In the event that the Finance and Resources Division becomes aware of the existence of News or a Rumour relating to information not previously provided by the Company to the CNMV by means of the corresponding Notice of Information, the Finance and Resources Division shall analyse the significance of the disseminated information in accordance with the standards it deems appropriate in each case.

To such end, the Finance and Resources Division shall, without limitation, take into account the impact that the actual materialisation of the content of the News or Rumour could have on the accounting or financial indicators
of the Company or its Group and on the listing price of the Affected Securities, as well as changes in the listing price of the Affected Securities as a result of the News or Rumour.

In particular, in those cases in which the News or Rumour is disseminated during a trading session, special attention shall be paid to changes in the traded volumes and the listing prices of the Affected Securities in order to assess the significance of the disseminated information.

In addition, the Finance and Resources Division shall analyse the truthfulness of the News or Rumour, for which purpose it will carry out, in coordination with the Unit, all internal investigation and consultation activities that it deems appropriate for such purpose.

2. Following the required reviews of significance and truthfulness, the Finance and Resources Division shall do as follows:

   a. If it determines that the information disseminated to the market is significant and truthful, the Finance and Resources Division shall contact the secretary of the Board of Directors, or any of the deputy secretaries of the Board of Directors in the absence thereof, in order to evaluate the advisability of publishing a Notice of Information in order to clearly and precisely report the facts to which the disseminated News or Rumour refers.

   b. Whenever it deems the information disseminated to the market to be significant but lacking sufficient elements to determine the truthfulness thereof (for instance, because it is information stated by, or relating to, third parties unrelated to the Company and beyond its control), the Finance and Resources Division shall consider the possibility of asking the CNMV to take the necessary actions to verify and investigate the News or Rumour in order that the CNMV itself, or the appropriate person, may publicly make a clear, full and precise statement regarding the News or Rumour.

   c. If it determines that the information disseminated to the market is insignificant or untrue, the Finance and Resources Division may encourage the adoption of the necessary measures to deny any untrue News and Rumours that could harm the interests of shareholders and investors.

3. The Finance and Resources Division shall report to the Unit on the result of the analysis of the News or Rumours, along with any measures that may have been adopted pursuant to this article 13, in order for the Unit to be able to evaluate the advisability of taking any additional actions.

4. Without prejudice to the provisions of this article 13, the Board of Directors may take any actions it deems appropriate to protect the corporate interest against the dissemination of Rumours that could affect the normal business operations of the Company or the Group or the listing price of the Affected Securities.


1. In the event that the Finance and Resources Division notices unusual changes in the listing prices or traded volumes of Affected Securities, it may ask the Unit if a Register of Insiders has been opened, and if so, after contacting the Person Responsible for Inside Information in order for them to report the status of the pending operation or transaction, it will as soon as possible report to the chair of the Unit or, in the absence thereof, to the director or the secretary of the Unit, if it has noticed any extraordinary or irregular situation or a situation that may derive from conduct that might entail a violation of the *Internal Regulations for Conduct*, the MAR or any other legal provision governing the securities markets.

2. The Finance and Resources Division shall analyse whether there are rational indications that such changes are the consequence of a Leak, and shall report its conclusions to the Unit, which shall act as follows:

   a. If it establishes or suspects that there are indications of a Leak, the Unit shall take the relevant actions and measures pursuant to the provisions of these *Rules*.

   b. If it does not establish that there are indications of a Leak, the Unit may implement any initiatives it deems appropriate in light of the possible causes of the unusual changes in the listing price or the traded volumes of the Affected Securities.