



Internal Rules on Composition and Duties of the Operating Committee



15 December 2020

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Article 1. Purpose

1. The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has assumed an ongoing commitment to update and improve the Governance and Sustainability 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 Governance and Sustainability 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.