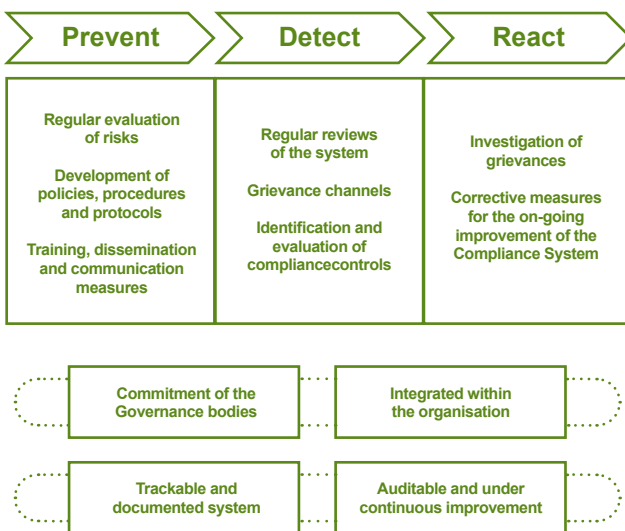


5.4 Ethics

Compliance System

Iberdrola's 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.



The Code of Ethics, which forms part of Iberdrola's Corporate Governance System, was approved by the Board of Directors in 2002 and is regularly updated. In its last review, in April 2019, the Code of Ethics strengthened the obligation of the group's professionals to report to Compliance the commission of any illegal act or any impropriety. The obligation of suppliers to comply with the Code of Ethics and with the Corporate Anti-Corruption Policies is also included.

Compliance Unit

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Powers of the Unit

The Compliance Unit has powers related to the *Code of Ethics*, the *Anti-Corruption and Anti-Fraud Policy*, the *Crime Prevention Policy*, the *Internal Regulations for Conduct in the Securities Markets*, legal provisions regarding the separation of activities, and all other powers that may be entrusted thereto by the Sustainable Development Committee or the Board of Directors of the company or that are established in Iberdrola's Corporate Governance System.

Main areas of the Compliance System

The main activities and areas of activity within the framework of the group's Compliance System are: (i) the crime prevention programmes, which are developed within the scope of the provisions of the Spanish Criminal Code (without prejudice to additional actions required by the laws of any other jurisdiction in which the group does business), (ii) measures for compliance with the *Code of Ethics*, which include specific training and communication plans for all professionals of the group, (iii) the development and implementation of specific rules and measures regarding fraud and corruption, (iv) actions to ensure compliance with the rules on market abuse and separation of activities, and (v) management of the ethics mailboxes.

Principal awards/recognitions

In 2019, Iberdrola renewed the Compliance Leader Verification certification provided by the Ethisphere Institute to those companies that show they have an ethical culture implemented within all of their businesses and activities as well as a robust and effective compliance system.

In 2019 it also renewed the UNE-ISO 37001 and UNE 19601 certifications provided by AENOR in 2017. Furthermore, the companies of the Spain subgroup also renewed these certifications in 2019.

Iberdrola has been chosen for the sixth consecutive year as one of the most ethical companies in the world, according to the *World's Most Ethical Companies 2019* ranking prepared by the *Ethisphere Institute*, thus recognising the ethical leadership and conduct of the organisation.

