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**Compliance Division
Regulation of
Iberdrola España, S.A.
(Unipersonal)**

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TITLE I. NATURE AND PURPOSE

Artículo 1.- Nature and purpose

1. The compliance division (the “**Compliance Division**”) is an independent area, reporting to the Audit and Compliance Committee (the “**Committee**”) of the Board of Directors of Iberdrola España, S.A. (Unipersonal) (the “**Company**”), responsible for proactively ensuring the effective functioning of the Company’s Compliance System, configured in accordance with the provisions of the Governance and Sustainability System, for which it has broad powers, budgetary autonomy and independence of action.
2. The Compliance System is a set of rules, formal procedures and physical actions whose purpose is to ensure that the Company conducts itself according to ethical principles and the applicable laws, and to prevent incorrect or unethical behaviour by members of the governance organisation that contravenes the law or the Corporate Governance System.
3. The Compliance Division is governed by this Compliance Division Regulation, (the “**Regulation**”) and all other rules in the Company’s corporate governance system.

TITLE II. COMPOSITION

Artículo 2.- The Compliance Director

1. Overall responsibility for the Compliance Division lies with its director (the “**Compliance Director**”), who shall be entrusted with the powers needed to carry out his or her duties.
2. The Company’s Board of Directors is authorised to remove and appoint the Compliance Director, following a report from the Committee.
3. The Compliance Director must have the expertise, qualifications and experience appropriate for the duties that he/she is called upon to perform.
4. The Compliance Director manages the operations and budget of the Compliance Division and is also responsible for implementing the pertinent measures and action plans while ensuring that the Compliance Division is proactive in ensuring compliance with its duties.
5. The Compliance Director shall establish the structure of the Compliance Division under the principle of independent and effective management, while the Committee shall take steps to ensure that the department has the human and material resources needed to carry out its tasks.
6. In any event, the Compliance Director shall directly exercise the powers conferred on them by this Regulation and the other rules in the Governance and Sustainability System.
7. Neither the Compliance Director nor the Compliance Division members may be members of the Company’s Board of Directors.

Artículo 3.- The Compliance Division Office

1. The Compliance Division is supported by a multidisciplinary office consisting of the Company’s Compliance Director, who is responsible for its management, and representatives of areas and functions of the Company with responsibilities in matters relating to regulatory compliance (the “**Office**”).
2. The following areas of the Company are represented in the Office:
 - a) Legal Services.
 - b) Taxation.
 - c) Personal Data Protection
 - d) Occupational Health & Safety.
 - e) Corporate Social Responsibility
 - f) Cybersecurity.
3. Through the Office and the areas of the Company represented, the Compliance Director:
 - a) Ensures that all areas represented know and are aware of the most significant compliance risks for which they are responsible and ensures no areas with risks are excluded from the Office.
 - b) Identifies the compliance risk areas whose management and control are attributed to more than one area or function of the Company or companies, directly or indirectly, controlled by this (herein, “**Subsidiaries**”), making recommendations and proposals to avoid unnecessary duplication.
 - c) Promotes the exchange of best practices in compliance matters within the group formed by the Company and its subsidiaries and, specifically, among the areas represented in the Office.
 - d) Will be informed of the main action taken by the areas of the Company represented: risk analysis, internal rules and procedures adopted for risk management, communication and training activities, detection activities and corrective measures in place.
 - e) Promotes the analysis of regulatory trends and new laws in the compliance area that may have an impact on the effectiveness of the Company’s Compliance System.
 - f) Will receive regular information regarding any incidents occurring in the area of responsibility of each of the areas represented.

- g) Will receive the necessary information so that the Compliance Director is able to include it in the *Annual report on the effectiveness of the Compliance System* which is prepared in compliance with Article 4.4.a) of this *Regulation*.
 - h) Gathers advice on other aspects as required by the Compliance Division.
4. The areas that make up the Office must each designate a representative with sufficient experience and knowledge of the functions and activities carried out in their respective areas. Occasionally, the representatives may delegate another person from their area to attend a meeting of the Office.

TITLE III. DUTIES

Artículo 4.- Duties of the Compliance Division

1. The main duties of the Compliance Division shall be:
- a) Promote the dissemination, knowledge and compliance with the *Code of Ethics* of the Iberdrola Group, adopted by the Company (the "*Code of Ethics*"), and of the compliance and fraud prevention standards and among the Company's employees and suppliers. Therefore, the Compliance Division will include training and internal communication activities in the annual plan.
 - b) Carry out an annual evaluation of the effectiveness of the Company's *Crime Prevention Programme* and update and make such changes to the Programme as may be necessary.
 - c) Promote a culture of prevention based on the principle of "zero tolerance" towards condoning unlawful acts and situations relating to fraud, and on the application of the principles of ethics and responsible conduct by all professionals in the Company and subsidiaries regardless of their seniority or the country in which they work.
 - d) Manage the Company's employees' and suppliers' Ethics Mailboxes (hereinafter, the "**Ethics mailboxes**") and carry out or coordinate, as appropriate, the corresponding investigations, checking and investigating complaints received and issuing the appropriate decisions regarding the cases processed.
 - e) Promote the preparation and implementation of appropriate training programmes for the Company's professionals on the duties imposed by the *Code of Ethics*, the *Crime Prevention Policy*, the *Anti-Corruption and Fraud Policy* and, where appropriate, on their development and implementation rules, with the emphasis on fraud, corruption and associated liability with sufficient regularity to ensure the updating of knowledge in this area.
 - f) To establish the tools needed to ensure documentary proof and record-keeping of the actions making up the Company's Compliance System.
 - g) Ensure effective compliance with the regulations applicable to separation of activities.
 - h) Fulfil the functions entrusted to the Compliance Division in accordance with the internal regulations on related-party transactions with members of senior management.
2. To these effects, the Compliance Division will be responsible for drawing up, approving, permanently keeping up-to-date and ensuring the application of the procedures that it deems to be appropriate to prevent criminal activities and fraud in the Company and its subsidiaries.
3. Additionally, the Compliance Director will perform the functions attributed to him in the *Code of Separation of activities of the Iberdrola Group Companies with regulated activities* and, in particular, will supervise and evaluate compliance with the obligations established therein and draft the annual report, in accordance with the provisions of the code, which will be submitted to the Committee for its opinion and for forwarding to the Board of Directors for information purposes. The Compliance Director will forward a copy of said report to the compliance director of Iberdrola, S.A. ("**Iberdrola**"), parent company, within the meaning of the law, of the group to which the Company belongs (the "**Group**").
4. The Compliance Division shall also:
- a) Annually assess the effectiveness of the Compliance System of the Company and its Subsidiaries, with the collaboration of the different compliance divisions, and prepare a report with the results of the assessment, called the *Annual Report on the Effectiveness of the Compliance System*. The report will be submitted to the Audit and Compliance Committee for its opinion and forwarded to the Board of Directors.
 - b) Propose the inclusion or exclusion of areas or functions to be represented in the Office in order for the Commission to report and submit the proposed areas or functions to the Board of Directors for approval.
 - c) Report to the Committee and to the Iberdrola compliance director on matters related to the effectiveness of the Company's compliance system.
 - d) Coordinate the compliance systems implemented by each of the Subsidiary's compliance systems, fostering exchanges of best practices and the approval of regulations that encourage the companies to have homogeneous, solid, integral and efficient compliance systems, adapted to the requirements of each jurisdiction and the different businesses.
5. The Compliance Division will also hold other specific and indefinite powers attributed by the Company's Board of Directors, the Company's *Articles of Association* or other corporate governance regulations.
6. The provisions of this article shall, in any case, be without prejudice to the existence in some Subsidiary Companies of their own compliance management supervisor, in particular, for their own crime prevention programme.



Artículo 5.- Relationship between the Compliance Division with the Iberdrola Compliance Unit and with the Subsidiaries' compliance divisions

1. The Compliance Division will act in coordination with the Iberdrola Compliance Unit in accordance with *General coordination, collaboration and information protocol*.
2. To be able to guarantee the effectiveness of the Compliance system of the group formed by the Company and its subsidiaries, and notwithstanding the responsibilities attributed to its management bodies, the Compliance Division coordinates its activities with those of the compliance divisions of those companies in accordance with the *Coordination, Collaboration and Information Protocol* of the Company's Compliance Division.

TITLE IV. RESOURCES, BUDGET, ANNUAL ACTIVITY PLAN, DUTIES AND FACULTIES

Artículo 6.- Material and human resources

1. The Compliance Division shall have the material and human resources needed to perform its duties.
2. The Committee will ensure that the Compliance Division has the necessary resources to guarantee its independence and efficacy.

Artículo 7.- Budget

1. Before the start of each year, the Compliance Division, at the proposal of the Compliance Director, will submit the budget project to the Committee to carry out its activities during the company year.
2. Once revised and validated by the Committee, the budget project will be submitted to the Board of Directors for final approval.

Artículo 8.- Annual activity plan

1. Before the start of each year, the Compliance Division, at the proposal of the Compliance Director, will submit an annual plan of activities for the coming year to the Committee.
2. The Committee will also approve the Compliance Director's objectives.

Artículo 9.- Powers and advice

1. The Compliance Division, through the Compliance Director and provided that the applicable legislation permits this, shall have access to the information, documents and offices of the directors and employees of the Company and its Subsidiaries, in relation to the latter, only if the matter affects more than one Subsidiary Company or employees assigned thereto, including the minutes of the administrative, supervisory and control bodies, as may be necessary for the proper exercise of its functions. In this regard, all employees and administrators in these companies must provide any required collaboration to the Compliance Division to enable it to carry out its duties.
2. Likewise, the Compliance Division may seek, payable by the Company and through the Secretary of the Board of Directors, the collaboration or advice of external professionals, who must submit their reports directly to the Compliance Division.
3. Whenever possible, and so long that the effectiveness of its efforts remains unaffected, the Compliance Division shall attempt to undertake its activities transparently, reporting to the affected directors and professionals when possible and appropriate as to the purpose and scope of the activities.

Artículo 10.- Duties of Compliance Division members

1. The members of the Compliance Division must act with independent judgement with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.
2. The members of the Compliance Division shall keep confidential the deliberations and resolutions of this body and, in general, shall refrain from disclosing any information, data, reports or background information to which they may have access while in office, and from using any of the foregoing for their own benefit or that of third parties, without prejudice to the duties of transparency and information provided in the Company's governance and sustainability system imposed by applicable law. The duty of confidentiality of the members of the Compliance Division shall prevail even after the member no longer holds the position.

TITLE V. ETHICS MAILBOXES AND INVESTIGATIONS

Artículo 11.- Ethics mailbox management

1. The Compliance Division is responsible for managing the Ethics mailboxes.
2. In the performance of said duty, the Compliance Division must observe the guiding rules and principles set out for this purpose in the *Code of Ethics*.
3. The processing of personal data arising from the sending of personal information through the Ethics Mailboxes shall comply with the applicable data protection regulations.

Artículo 12.- Starting an investigation

1. The Compliance Division may investigate potential breaches of the Corporate Governance and Sustainability System, which include, specifically, the rules of conduct in the *Code of Ethics*, as well as conduct that entails improprieties or illegal acts which may affect the perpetrator's professional functions within the Company, contractual relationships with suppliers or the Company's interests and image.

2. The Compliance Division may start an investigation when it learns of facts or circumstances that may constitute a breach or an impropriety as described in the preceding paragraph, on its own initiative, that of the Compliance Director, or by means of a compliant made through the ethics mailboxes defined in the following Article or any other means.
3. The principles, procedural rules and guarantees established herein shall apply to all matters investigated by the Compliance Division, regardless of origin.
4. When the breaches referred to in Section 1 above affect a Subsidiary Company that has its own compliance department, or one of its professionals or suppliers, the body competent to investigate them shall be the compliance department of the company concerned, which shall act autonomously.

Artículo 13.- Acceptance for processing complaints

1. On receipt of a complaint, the Compliance Division shall determine whether it should proceed to process it.
2. In the event that the matter affects either another Group company, which has its own compliance division or a professional assigned thereto, the Compliance Division shall forward the report to that department for assessment and processing in accordance with its own rules. Notwithstanding the foregoing, in the event that the matter affects more than one Subsidiary Company or employees assigned to them, it shall be handled by the Compliance Division of the Company. If the matter affects other Group companies (other than the Company or Subsidiaries) or the employees assigned thereto, the Compliance Unit of Iberdrola, S.A. shall be responsible for processing the matter.
3. The Compliance Division shall inform the Committee of potentially significant irregularities, in particular of a financial and accounting nature, reported through the ethics mailboxes and shall provide the latter with any documentation requested by it in connection with the handling of files relating to such irregularities.
4. The Compliance Division shall not process any complaints that are clearly unfounded or implausible or do not constitute a breach of the Governance and Sustainability System or conduct that may involve the commission of any irregularity or unlawful act with implications for the professional duties of the perpetrator of the breach within the Company or the Group, the contractual relationship with suppliers or the interests and image of the Company or the Group.
5. With a view to explaining the acceptance to process the communication, the Compliance Division may, at its own discretion, opt to call on the communication's sender to clarify or complete the communication by furnishing documentation and/or data that could be necessary to substantiate the existence of an irregular conduct.
6. As a general rule, the accused person shall be informed of the existence of a complaint at the time the investigating officer initiates the investigation. However, in cases with a significant risk that such a notification could jeopardise the ability to effectively investigate the allegation or to gather the necessary evidence, such notification to the defendant may be delayed for as long as the risk exists.

Artículo 14.- Processing

1. When the complaint has been accepted for processing, the Compliance Division shall conduct the pertinent investigation and shall process the case or designate a person to do so, who may be internal or external according to Article 9.2 above. If the complaint is lodged against a member of the Compliance Division, this person may not participate in processing the complaint.
2. If the complaint affects a member of the Board of Directors, the Compliance Director shall inform the secretary of the Board of Directors so that he or she can assist him or her in processing the case and, in particular, in selecting the examining arbiter (a person external to the Group to assure independence).
3. The Compliance Division shall check the veracity and accuracy of the information contained in the communication and, in particular, the reported conduct, with respect of the rights of the affected parties. For such purposes, it shall undertake a hearing process for all affected parties and witnesses, and undertake any diligence it may deem necessary. All professionals shall be required to cooperate in the investigation in good faith. The participation of witnesses and affected parties shall be strictly confidential.
4. The investigation shall be carried out in accordance with the Guide to Processing Files and all parties concerned shall be informed of the processing of their personal data, as well as of any other duty required by the legislation on the protection of personal data.
5. In all investigations, the rights to privacy and to defence, and the presumption of innocence of the investigated persons shall be guaranteed and all necessary measures will be taken to prevent any type of retaliation against the complainant. The Company undertakes not to take reprisals, directly or indirectly, against employees who report an impropriety (whistle-blowers) that may be investigated by the Compliance Division, provided the complaint is not malicious.
6. The Compliance Division and the investigators may, at any time during the procedure, seek the advice and cooperation of any directorate or area it deems appropriate in order to determine the consequences and the course of action to be taken in respect of any complaint.

Artículo 15.- Decision

1. Once the case has been dealt with, the Compliance Division shall take the decision it deems appropriate following the proposal, if any, of the investigator.
2. If the decision issued concludes that an employee has committed an irregularity or act in violation of the law or the Code of Ethics specifically binding upon the Company's employees and its Subsidiaries - with regard to the latter, solely if the matter affects more than one Subsidiary or their employees, the division responsible for human resources in the Company will be notified to apply the appropriate disciplinary measures, notifying the Compliance Division of their adoption and content.

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3. In the event of an irregularity or act in violation of the law or the corporate governance and sustainability system rules affecting a member of the Board of Directors, the Compliance Division will pass the resolution on to the Board of Directors through the Secretary to the Board of Directors to apply any of the measures contemplated in the corporate governance rules, of which the Compliance Division will be kept informed.
4. If the issued decision concludes that a supplier has committed an irregularity or act in violation of the law or applicable rules of conduct in the Code of Ethics, the Compliance Division will convey it to the Purchasing Division or whomever, as the case may be, was the purchasing liaison of the company of the corresponding group so as to exercise the appropriate contractual rights, which will be subsequently reported to the Compliance Division.
5. Should the results of the case entail a potential for lodging lawsuits, the Compliance Division shall pass such actions on to the Legal Services Department to initiate the pertinent administrative or legal steps for each case, of which the Compliance Division must be kept informed.
6. When an impropriety or breach could have a significant impact on the financial statements or the Company's internal control, the Compliance Division will notify the Internal Audit Area.

TITLE VI. AMENDMENT, COMPLIANCE AND INTERPRETATION

Artículo 16.- Variation

1. This Regulation and any changes herein must be approved by the Company's Board of Directors after a report from its Committee.
2. The Compliance Division may propose changes to the Regulation to the Committee.

Artículo 17.- Compliance

The Compliance Director must ensure compliance with this *Regulation*.

Artículo 18.- Interpretation

This *Regulation* shall be interpreted in accordance with the Company's Governance and Sustainability system.