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By-Laws of Iberdrola España, S.A.U.

Iberdrola España

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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 which this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

Preamble

These By-Laws of Iberdrola España, S.A.U. (the "**Company**"), approved in accordance with the applicable regulations, establish the bases for its configuration as a subholding company of the group of companies of which IBERDROLA S.A. is the listed holding company (the "**Group**"), and which main function is to reinforce or complement in relation to the head of business ["**Head Companies**"] and other dependent companies, the duties of organisation, coordination and general strategic supervision defined by IBERDROLA, S.A. as the holding company, in compliance with the applicable regulations.

In this regard, the Group's corporate and governance structure is based on the recognition of the reality of a multinational group, made up of multiple companies, diversified and organised in an effective and coordinated manner for the better development of the corporate object and the achievement of the corporate interest of the companies that comprise it. In this sense, by means of a corporate structure articulated at different levels, a decentralised decision-making system inspired by the principle of subsidiarity is combined with robust coordination mechanisms that guarantee the global integration of the businesses of the companies of the Group and the management of their risks, all based on an effective system of checks and balances that prevents the centralisation of decision-making power within a single governance body or a single person.

The By-Laws constitutes the foundation on which the Company's Governance and Sustainability System is built and based, that is, its own internal and own regulations, developed under its corporate autonomy to ensure the achievement and implementation of the Purpose and Values of the Iberdrola Group and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group, as well as the creation of long-term sustainable value, also sharing with all the companies in the Group the concept of the social dividend as the direct, indirect or induced contribution of value, that its activities represent for its Stakeholders.

To this end, the Company approves rules and principles applicable to its subsidiaries in accordance with the characteristics, needs and singularities of their areas of action and business, and specifies the application of the content of the general strategies and basic guidelines with a projection on the Group approved by the Board of Directors of IBERDROLA S.A., all in accordance with the Foundations for the Definition and Coordination of the Iberdrola Group, fully respecting the provisions of the applicable law and, in particular, the legal provisions regarding the separation of regulated activities, also facilitating the coordination of the companies in which it participates and centralising the provision of common services.

Similarly, within the framework of the Governance and Sustainability System, the By-Laws establish the Company's own and developed Compliance System that is aimed at preventing and managing the risk of regulatory or ethical breaches or breaches of the Governance and Sustainability System.

The Company's By-Laws and the other rules of its Governance and Sustainability System are structured in accordance with the basic rules that characterise the Rule of Law, linked to the principles of legality and legal certainty, in order to regulate both its internal organisation and its external activity and are binding, insofar as they are applicable to them, on the members of its Board of Directors and the management team, as well as the on the other professionals of the Company and, in general, on any other persons who may be validly bound by them. All have the duty to comply, and the right to demand compliance, with them.

TITLE I. GENERAL PROVISIONS

Article 1. Name and Identity

1. The name of the Company is Iberdrola España, S.A.U.
2. The Company is an independent company in Spain, the only shareholder of which is IBERDROLA, S.A., which shall be noted as provided by law.

Article 2. Corporate Purpose

1. The Company's Corporate Purpose is:
    a. The holding of shares in subsidiary companies.
    b. To provide assistance or support services to other companies, particularly to its subsidiaries, and for such purpose, to grant in their favor any guarantees or sureties deemed appropriate.
    c. 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 provision of a full range 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.

d. 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.

e. 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.

f. The provision of services to assist or support other companies, particularly its dependent companies, for which purpose it may provide appropriate guarantees and bonds in favour thereof.

2. The aforementioned activities shall be carried out primarily in Spain, although the company may also operate abroad, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry, ensuring in particular compliance with the regulations on the separation of regulated activities

Article 3. Duration of the Company

The duration of the Company is indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.

Article 4. Registered Office

1. The registered office of the Company is in Bilbao (Biscay), at Plaza Euskadi number 5.
2. The registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors.

Article 5. The Company within the Iberdrola Group

1. The Company is the subholding company in Spain of the group of companies of which IBERDROLA, S.A. is the parent holding company, within the meaning established by law.
2. The Company is included within the Group's decentralised corporate structure as a subholding company, with the duty of complementing the strategic supervision, organisation and coordination carried out by IBERDROLA, S.A., as holding company, in relation with the Head Companies in which the Company has an interest, disseminating, implementing and ensuring compliance with policies, strategies and general guidelines with projection at the Group level, in view of the characteristics and unique aspects of the respective territories, countries and businesses in which said Head Companies are present, contributing to their global integration within the Group and within its Business Model.
3. In this regard, the Company shall be responsible for specifying, within its purview, the content of the general policies, strategies and guidelines established by IBERDROLA, S.A. as the holding company of the Group, promoting and supervising the implementation thereof, without prejudice to observing the required autonomy of day-to-day administration, effective management and day-to-day control of each of the businesses corresponding to the Head Companies in which it has an interest, with due respect for applicable legal provisions, ensuring in particular compliance with the regulations on the separation of regulated activities
4. The Company and the Head Companies in which the Company has an interest have their own Governance and Sustainability Systems, approved within the framework of the performance of their responsibilities and in the exercise of their powers, which constitute their internal regulations together with their own compliance systems, having the appropriate material and human resources to carry out the functions attributed to them by their respective governance and sustainability systems and their manage their respective Compliance Systems.

Article 6. Corporate Interest

The Company shares with IBERDROLA, S.A. the concept of the corporate interest, which is understood as the common interest of all persons owning shares of a commercial entity, with its own distinct bylaw-based identity, focused on creating comprehensive (economic, environmental, social and governance) and sustainable value by engaging in the activities included in its corporate object, taking into account the other Stakeholders related to its business activity and consistently with its institutional reach, in accordance with the Purpose and Values of the Iberdrola Group and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group.

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 with the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group.
2. The Company, as the subholding company in Spain, recognises and pursues the achievement of the social dividend of the Group consisting of the direct, indirect or induced contribution of value that its activities represent for its all Stakeholders, within the framework of the sustainable development strategy In this regard, the Company will collaborate with the Iberdrola España Foundation in the promotion and execution of activities related to sustainable development policies in Spain, through

the signing of the corresponding collaboration agreements in order to promote and implement activities carried out in relation to sustainable development policies within its scope of activities.

3. The Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with all of its Stakeholders, make up the non-financial information of the Company. The Company shall promote the public dissemination of its social dividend generated, especially among its Stakeholders.

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

1. The Company shall be governed by the legal provisions relating to companies (sociedades anónimas) and other applicable laws and regulations, as well as by its Governance and Sustainability System established by its governance bodies in the exercise of corporate autonomy.
2. The Governance and Sustainability 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; It establishes rules, principles and guidelines that inform the regulatory developments that, where appropriate, are approved by its subsidiaries in the exercise of their corporate autonomy and seeks to ensure, through rule-making, in particular, the realisation of the purpose and values and the corporate object, as well as the achievement of the corporate interest and the promotion of the social dividend, within the common framework of sustainability.
3. The Governance and Sustainability System is made up of these By-Laws, the policies and other internal regulations that, under the protection of its corporate autonomy, are approved by the Company's governing bodies, as well as the Purpose and Values of the Iberdrola Group, the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group, the Foundations for the Definition and Coordination of the Iberdrola Group (which govern the corporate and governance structure and the Group's Business Model), the General Risk Control and Management Foundations of the Iberdrola Group, and other regulations with a projection over the Group, approved by the Board of Directors of IBERDROLA, S.A., in the exercise of its functions as a holding company, complementing the previous ones and which are also integrated into the Governance and Sustainability System of the Company, thereby ensuring adequate coordination and coherence with the Governance and Sustainability System of IBERDROLA, S.A.
4. The Purpose and Values of the Iberdrola Group constitutes the corporate ideology that informs the orientation and organisation of the companies of the Group, guides their strategy and presides over their activity in the economic environment in which they undertake it, taking into account aspects related to transparency and good governance, human and social capital, natural capital and compliance and considering the sustainable value chain.
5. The sole shareholder and the Company's Board of Directors, within their respective purviews, configure, develop, apply and interpret the rules making up the Company's Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.
6. Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.
7. Within the framework of the Governance and Sustainability System, the Company 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 Governance and Sustainability System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola Group and the corporate interest.
8. The application and further development of the Company's Compliance System is the responsibility of the Compliance Unit, a collective, autonomous body that is configured in accordance with the highest standards of independence and transparency and that is linked to the Audit and Compliance Committee of the Board of Directors.

Article 9. Stakeholder Engagement, Corporate Website, Presence on Social Media and Digital Transformation

1. The Company seeks the engagement of all Stakeholders in its activities in accordance with an engagement policy based on the principles of transparency and active listening, which allows it to continue to respond to their legitimate interests, with the Company being responsible for the effective dissemination of information regarding the activities thereof.
2. The Company's corporate website, its presence on social media and, in general, its digital innovation strategy, contributes to the Group's digital communication strategy, which is focused, among other ends, on strengthening the engagement and identification of all Stakeholders, boosting the Iberdrola brand and favouring the development of the Company's activities and its digital transformation.
3. The Company promotes the accessibility of its corporate website as an expression of its commitment to transparency and communication with the various Stakeholders and with society in general, which in turn serves as a basis for generating credibility and mutual trust.

Article 10. Conduct before Government Authorities

The Company may take action before Government Authorities on behalf of other natural persons or legal entities, including those not belonging to the Group, on the terms established by law.

TITLE II. SHARE CAPITAL AND SHARES

Article 11. Share Capital and Representation of Shares

1. The share capital is 2,921,234.60 euro, represented by 3,245,815,794 ordinary registered shares having a nominal value of 0,9 euro each, numbered consecutively from 1 to 3,245,815,794, both inclusive, belonging to a single class and series, which are fully subscribed and paid up.
2. Shares shall be registered in a book-entry register of registered shares, and the Company's Board of Directors shall have authority to issue a multiple share certificate covering all shares owned by the sole shareholder.

Article 12. Transfer of Shares

1. Shares of the Company may be transferred to any person in accordance with applicable legal provisions.
2. If the transfer of shares involves the loss of status as a single-member company, there must be a simultaneous adjustment of these *By-Laws*.

Article 13. Sole Shareholder Status

1. A share confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by these *By-Laws*, with those particular features deriving from the status of a single-member company.
2. The ownership of shares by the sole shareholder entails consent to the Company's Governance and Sustainability System and the duty to respect and comply with decisions of the governance bodies thereof made in accordance with applicable law and its Governance and Sustainability System.

TITLE III. GOVERNANCE OF THE COMPANY

Chapter I. Decisions by the Sole Shareholder in the Exercise of the Powers of Shareholders Acting at a General Shareholders' Meeting

Article 14. Exercise by the Sole Shareholder of the Powers of Shareholders Acting at a General Shareholders' Meeting

1. The sole shareholder shall decide on the matters assigned by law or these *By-Laws* to shareholders acting at a General Shareholders' Meeting, and particularly regarding the following:
   a. The appointment of directors of such class as may be appropriate pursuant to Article 20 of the By-Laws and removal thereof.
   b. The appointment and removal of statutory auditors and of liquidators.
   c. The approval of the annual financial statements, the directors' report, the allocation of profits or losses and corporate management, within the first six months of each financial year.
   d. The approval of the Company's statement of non-financial information, if any, prepared by the Board of Directors, within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System.
   e. The payment of interim dividends.
   f. An increase or reduction in share capital, with the ability to delegate to the Board of Directors, if appropriate, within the deadlines provided by law, the power to carry out a previously-made decision to increase share capital, or the power to approve an increase in share capital on one or more occasions, upon the terms established by law.
   g. The issue of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, upon the terms established by law.
   h. The authorisation of Related-Party Transactions in an amount or with a value equal to or greater than that determined by law.
   i. The amendment of the By-Laws.
   j. The acquisition, transfer or contribution of key assets from or to another company, upon the terms established by law.
   k. The merger, split-off, overall assignment of assets and liabilities, and transformation of the Company.

l. The dissolution of the Company and the approval of the final liquidating balance sheet.

m. Any matter that is submitted by the Board of Directors to a decision thereof.

2. The sole shareholder must immediately notify the chair of the Board of Directors of any decisions made in the exercise of the powers of shareholders acting at a General Shareholders' Meeting.

Article 15. Documentation, Conversion into a Public Instrument and Registration of the Decisions of the Sole Shareholder

1. The powers of shareholders acting at a General Shareholders' Meeting shall be exercised by way of decisions made by the sole shareholder, which shall be recorded in minutes bearing the signature thereof or of the representative thereof, which may be carried out and formalised by the sole shareholder itself, by the Board of Directors, or by any person to whom the Board of Directors may delegate powers or grant a power of attorney.

2. The documentary record of the decisions made by the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, the conversion thereof into a public instrument, and the registration thereof with the Commercial Registry shall be carried out in accordance with the provisions of law and the Regulations of the Commercial Registry.

3. In this regard, the secretary of the Board of Directors shall manage and keep the minute book containing the decisions of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting.

Chapter II. Management of the Company

Section 1. General Provisions

Article 16. Structure of Management and Representation of the Company

1. The Company is managed by a Board of Directors, which may delegate any or all of the powers that can be delegated under law and the By-Laws to a chief executive officer (*consejero delegado*).

   The Board of Directors may create as many internal committees as it deems appropriate with consultative or advisory duties or for the purpose of compiling reports or drafting proposals, as determined by the Board of Directors itself, but it must have a permanent Audit and Compliance Committee.

2. The Company is represented by the Board of Directors and, where applicable, by the chief executive officer.

   The Board of Directors shall act collectively in the exercise of its powers of representation. The chief executive officer shall act in an individual capacity.

3. The resolutions of the Board of Directors shall be carried out by the secretary thereof, by a director, or by any third party named in the resolution.

Article 17. Main Principles of Conduct

The Board of Directors and, where appropriate, the chief executive officer, shall perform their duties and exercise their powers with unity of purpose, independent judgement and loyalty to the corporate interest, in accordance with the Purpose and Values of the Iberdrola Group and its Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group , acting in observance of applicable legal provisions, and particulary, in compliance with the regulations on the separation of regulated activities, the Company's Governance and Sustainability System and, particularly with respect to the Board of Directors, the rules of organisation and internal operation established thereby within the framework of its power of self-organisation.

Section 2. Board of Directors

Article 18. 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 sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, and shall have the broadest powers to manage, direct, administer and represent the Company.

2. The following are specific and non-delegable powers of the Board of Directors of the Company as the subholding company of the Group in Spain:

   a. Disseminate, implement and ensure, in the Head Companies, in which the Company has an interest, that the general , strategies and guidelines established by IBERDROLA, S.A. with projection at the Group level, , taking into account the nature and particularities of the territories within their purview, as well as the businesses carried out by the Head Companies and respecting the autonomy thereof to engage in the effective management and day-to-day administration of their business, as well as their responsibility for the day-to-day control thereof.

b. Approve the consolidated annual budget of the Company and its directly or indirectly controlled companies, taking into account the budgetary forecasts thereof and pursuant to the budgetary guidelines of IBERDROLA, S.A. as the holding company of the Group.

c. Approve the financial information relating to the Company and its directly or indirectly controlled companies, following a report from the Audit and Compliance Committee and after any review by the statutory auditor.

d. Approve the non-financial information of the Company and directly or indirectly controlled companies, which shall be included in the consolidated statement of non-financial information of the Iberdrola Group, in accordance with these Bylaws, and following a report from the Audit and Compliance Committee.

e. Prepare proposals for the distribution of dividends that will be submitted for a decision of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting in accordance with the policy established by IBERDROLA, S.A. as the holding company of the Group.

f. Promote and supervise, as the subholding company of the Group in Spain, the strategy regarding engagement with its respective Stakeholders, in accordance with the policy and model established in this regard at the Group level, and in particular approving any frameworks of collaboration with foundations related to the Iberdrola Group to promote and carry out activities relating to sustainable development policies within its purview.

g. Endeavour to ensure that the Company and its directly or indirectly controlled companies comply with the legal provisions on the protection of personal data in accordance with the policies established in this regard at the Group level. In this regard, the Company's Data Protection Officer will report to the Board of Directors or, where appropriate, to the Audit and Compliance Committee.

h. To enforce compliance with the regulations on the separation of regulated activities in Spain and, therefore, to exercise the general function of economic supervision and management of the companies that carry out such regulated activities, respecting their legal and functional separation, in order to guarantee the independence of the ordinary management and direction of the same and of those responsible for their management; the Company may not in any case give instructions to regulated companies on their ordinary activities.

i. On these bases, it is the responsibility of the Company's Board of Directors to approve the annual financial plan of the regulated companies in which it participates and to establish the limits on its level of indebtedness, without prejudice to the fact that the regulated companies may annually submit to the Company the proposals they consider most appropriate to ensure that they have sufficient resources to carry out their activities.

j. Establish, along with IBERDROLA, S.A., as the holding company of the Group, the mechanisms allowing for the exchange of information between the Company and its Head Companies required for strategic coordination at the Group level in the interest of all the companies in the Group, without undermining the autonomy of the Company and the companies in which it holds an interest or the requirements imposed by law on the directors thereof.

k. Ensure the proper use of the Iberdrola brand as an expression of the Purpose and Values of the Iberdrola Group and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group.

l. Supervise the provision of services common to the Head Companies in which the Company has an interest, in accordance with applicable legislation and in particular with the regulations on the separation of regulated activities, promoting and supervising contracts for the provision of intra-group services, as well as support for the performance of the duties of the corporate Committees at the Group level.

m. Bolster the presence of the Company and its controlled companies on social media and foster development of the communication and innovation strategy as well as the digital transformation of the Group.

n. In particular, within its purview as a subholding company, establish the structure and accessibility of the Company's corporate website through which the Purpose and Values of the Iberdrola Group and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group will be disseminated, identifying its activities, its relationship with the Group, and its position on matters of corporate governance, sustainability and the environment, while also serving as an instrument for bolstering its relations with the most significant Stakeholders and with society in general, establishing the coordination required for these purposes with the corporate websites of the Head Companies in which the Company has an interest, avoiding any confusion between or among them.

3. The Board of Directors shall also be responsible for directly exercising the following powers, which may not be delegated:

a. Establish its own organisation and operation.

b. Prepare the annual financial statements, the directors' report and the proposed allocation of profits or losses of the 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, and to submit them to the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting.

c. Prepare the statement of non-financial information, when appropriate, within the period and in accordance with the provisions established by applicable law and the Governance and Sustainability System, and submit it to the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting.

d. Prepare any type of report required of the Board of Directors by law insofar as the activity referred to in the report cannot be delegated.

e. Designate and renew internal positions within the Board of Directors and the members of and positions on the committees that may be established therein.

f. Submit to the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, in accordance with these By-Laws and within the limits established thereby, proposed resolutions relating to the remuneration of directors in their capacity as such.

g. Set the remuneration to which the executive directors are entitled by reason of their executive duties and the other terms to be included in their contracts in accordance with the provisions of law.

h. Approve the appointment and dismissal of members of its senior management. For these purposes, those officers who directly report to the Board of Directors or to one of its members, and in any case the head of the Internal Audit Division, shall be deemed members of its senior management ("**Member of Senior Management**").

i. Approve proposed appointments and removals of directors of the directly controlled companies of the Company, provided, however, that proposed appointments or removals of any external directors shall be submitted to IBERDROLA, S.A.'s Appointments Committee for acknowledgement. The Company's Board of Directors shall also acknowledge proposed appointments and removals of the directors of indirectly controlled companies.

j. Decide on proposals submitted thereto by the chief executive officer, if any, or by such committees of the Board of Directors as it has decided to create.

k. Carry out the decisions of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting.

l. Define the structure of general powers of the Company to be approved by the Board of Directors itself or by the delegated management decision-making bodies.

m. Approve or propose to the sole shareholder for approval, as appropriate, Related-Party Transactions (as defined in these By-Laws) for which approval has not been delegated based on the provisions of section 8 of Article 36 below, and decide on any approval or waiver of obligations arising from the duty of loyalty, all upon the terms established by law and the Governance and Sustainability System, without prejudice to any powers in this regard of the Board of Directors of IBERDROLA, S.A. as the holding company of the Group.

n. Approve and review on an annual basis the basic terms that, in order to safeguard the corporate interest, must be observed in transactions between the Company and its subsidiaries and the other companies of the Iberdrola Group.

o. Approve the disposition of essential assets of the Company and, in general, investments or transactions of any kind that are strategic in nature to the Company due to the large amount or special characteristics thereof (and whose approval, as provided by law and these By-Laws, does not correspond to the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting), including industrial, commercial or financial transactions that have a particular significance or pose a particular risk to the Company, establishing any position of the Company with respect to its controlled companies, within the meaning of Article 42 of the Commercial Code, on the aforesaid matters and transactions.

   The foregoing shall be understood to be without prejudice to the power of the Board of Directors to request of the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, the approval of the decisions contemplated in the preceding paragraph.

p. Take account of mergers, spin-offs, concentrations or global transfers of assets and liabilities that affect any of the companies directly dependent on the Company.

q. To approve the Code for the Separation of Activities of the Companies of the Iberdrola España Group with Regulated Activities and its amendments, at the proposal of the director of Compliance and following a report from the Company's Audit and Compliance Committee.

r. Approve, after a report from the Audit and Compliance Committee, 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.

s. Supervise the effective operation of the Audit and Compliance Committee and of any other consultative committees that may have been created, and the conduct of the delegated decision-making bodies and of any officers that have been appointed.

t. Approve the appointment of the members of the Compliance Unit, upon a proposal of the Audit and Compliance Committee, considering the capacities to comply the tasks which may be required in accordance with the activities developed by the Company.

u. Approve and, if appropriate, amend the Regulations of the Compliance Unit, upon a proposal of the Audit and Compliance Committee.

v. Identify the principal risks of the Company and organise appropriate internal control and information systems, as well as carry out the regular monitoring of such systems, taking into account the Group's general risk policy for these purposes.

w. Make decisions regarding any other matter within its authority that the Board of Directors believes to be in the interest of the Company.

4. Without prejudice to the non-delegable powers referred to in sections 2 and 3 above, the Board of Directors shall entrust the day-to-day management and administration of the Company to the chief executive officer, if any, and to the members of management, promoting and supervising the management of the Company, and particularly compliance with the guidelines and objectives established by the Board of Directors. To this end, supporting committees might be created.

5. Powers reserved by law or the *By-Laws* to be directly exercised by the Board of Directors may not be delegated.

Article 19. Composition of the Board of Directors

1. The Board of Directors shall be composed of a minimum of three and a maximum of ten directors, who shall be appointed by decision of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting in compliance with applicable provisions of law and the By-Laws. At least one of the directors shall be classified as external in accordance with the provisions of Article 20.3 of these By-Laws.

2. The sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, shall determine the number of directors between the minimum and maximum limits referred to in the preceding section. Without prejudice to the foregoing, the Board of Directors must propose to the sole shareholder the number of directors that is most appropriate for the effective operation of the body, in accordance with the circumstances affecting the Company and taking into account the maximum and minimum numbers set out in the preceding section.

Article 20. Types of Directors

1. Directors shall be classified in accordance with the following categories:

   a. Executive directors: those who perform management duties within the Company, whatever the legal relationship the director maintains therewith.

   b. Proprietary directors: those who represent the sole shareholder and who are not executive directors.

   c. External directors: those who do not perform management duties within the Company or represent the sole shareholder.

2. External directors shall be appointed by the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, after a report from its Appointments Committee.

3. Within the framework of issuing this report, the Appointments Committee shall evaluate, based on their personal and professional qualities, whether the director can carry out the duties thereof without being constrained by relationships with the Company, with any other company of the Group, or with the directors, significant shareholders or members of management thereof.

4. The classification of the director shall not affect the autonomy with which the director must perform the duties of the position and therefore compliance with the director's duties of diligence, loyalty and faithfulness to the Company.

5. The Company shall provide new members of the Board of Directors with an Orientation Programme, , for which they shall provide a signed acknowledgement of receipt which shall be intended to facilitate their active participation from the outset.

6. The Orientarion Programme will cover, amongst other things, the following aspects:

a. The business and organisational model of the Iberdrola Group and, in particular, of the Company and the other Group companies: an overview of the strategy, the main areas of activity, the most significant risks—both financial and non-financial—the Group companies' commitment to sustainability and to the contribution to society in general, as well as the rules on compliance and internal control.

b. Corporate and governance structure: a description of the Group's corporate and governance structure, including the operation of the main corporate bodies, as well as the role of the Company's Board of Directors and each of its committees, and their powers and responsibilities.

c. Management team and, where appropriate, information about cross-cutting support or advisory committees linked to strategic functions.

d. Governance and Sustainability System.

e. Duties and obligations of directors, including the appropriate dedication expected for them to perform their respective roles, those arising from organisational best practices, and those related to the operation of the Board of Directors and its committees.

Directors are required to be familiar with the Orientation Programme and shall agree in writing to comply with the obligations and follow the recommendations set out in said programme at any time.

7. When circumstances so advise, the Company may establish training or knowledge refresher programmes for the directors.

Article 21. Chair and Vice-Chair

1. The Board of Directors shall elect from among its members a chair who shall exercise the powers that correspond thereto in accordance with law and the Company's Governance and Sustainability System, and particularly the following:

   a. Call and preside over meetings of the Board of Directors, setting the agenda for the meetings and directing the discussion and debate.

   b. Bring to the Board of Directors those proposals that the chair deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself.

   c. Ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance sufficient information regarding the items on the agenda.

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

   e. Drive the work of the consultative committees of the Board of Directors and endeavour to ensure the efficiency thereof in the performance of their duties and responsibilities, as well as the availability of required material and human resources.

   f. Invite to the meetings of the Board of Directors all those persons who may contribute to improving the information contemplated by the directors during the decision-making portion of the meetings.

2. The Board of Directors shall, if it so decides, elect a vice-chair upon a proposal of the chair. If the Board of Directors has elected a vice-chair, the vice-chair shall temporarily replace the chair of the Board of Directors in the event of vacancy, absence, illness or incapacity. In the absence of a vice-chair, the chair shall be replaced by the director with the longest length of service in office, and in case of equal length, by the oldest.

3. The chair and any vice-chair of the Board of Directors who are re-elected as members of the Board of Directors by a decision of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting shall continue to hold said positions within the Board of Directors without the need for a new election and without prejudice to the Board of Directors' power of revocation with respect to said positions.

Article 22. Chief Executive Officer

1. The Board of Directors, upon a proposal of the chair thereof, and with the favourable vote of two-thirds of the directors, may appoint from among the directors a chief executive officer (*consejero delegado*) with the powers it deems appropriate and which may be delegated pursuant to law and these By-Laws.

2. The position of chief executive officer may also be held by the chair of the Board of Directors.

3. The chief executive officer, if any, shall be responsible for the day-to-day management and administration of the Company under the supervision of the Board of Directors, and particularly the following:

   a. Promote the application of the general corporate policies and management guidelines of the Group within the scope of the Company's activities, in accordance with the guidelines established by the Company's Board of Directors.

b. Apply the strategy and policies approved by the Board of Directors within the scope of its activities and in accordance with the basic management guidelines of the Group.

c. Propose annual objectives to the Board of Directors and the budget required for the achievement thereof.

d. Endeavour to ensure that the Head Companies in which the Company has an interest are aware of the recommendations relating to technological and operational practices and, in turn, apply and develop the innovation and digital transformation strategy, which, in accordance with the global guidelines and strategy, can be carried out by the committees established in accordance with the Business Model to favour synergies that will contribute to maximising the value of the businesses of the Group.

e. Establish the institutional relationships required within the scope of the Company's activities.

Article 23. Secretary and Deputy Secretary

1. The Board of Directors, upon a proposal of the chair, shall appoint a secretary, who need not be a director, and who shall perform the duties assigned thereto by law and the Company's Governance and Sustainability System, and particularly the following:

   a. Maintain a minute book of the decisions of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, while also ensuring the maintenance and custody of said minute book. Without prejudice to the foregoing, the secretary shall inform the secretary of the Board of Directors of the sole member of the minutes recording the decisions of the sole member that are adopted.

      The secretary shall also inform the Board of Directors of the decisions that the Company has made as sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting of the companies in which it has the status of sole shareholder.

   b. Maintain the register of contracts between the sole member and the Company, ensuring the maintenance and custody of said register.

   c. Maintain the minute book of the Board of Directors and any other management decision-making bodies in which he or she holds the position of secretary, duly reflecting therein the proceedings of the meetings, and also ensuring the maintenance and custody of said registers and of the corporate documentation generated in relation to the operation of said management decision-making bodies.

   d. Maintain the registers referred to in paragraphs a), b) and c) above upon the terms and for the periods established by the Board of Directors, and in any event for the minimum periods provided by law. Upon leaving office, the secretary must transfer to the incoming secretary the corporate documents that the secretary has maintained and kept in custody on the terms and for the periods referred to above.

   e. Ensure the formal and substantive legality of the actions of the Board of Directors and other management decision-making bodies in which he or she holds the position of secretary, as well as the compliance of such actions with law and the Company's Governance and Sustainability System, taking into account for this purpose, among others, any orders issued by regulatory bodies.

   f. Advise the Board of Directors in relation to the development and updating of the Company's Governance and Sustainability System in accordance with the provisions of these By-Laws.

   g. 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 chair thereof.

   h. Assist the chair 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, while also channelling requests for information and documentation by directors regarding those matters of which the Board of Directors should be aware.

   i. Perform the duties set forth in paragraphs f) and g) above with respect to the committees of the Board of Directors in which he or she acts as secretary.

   j. Decide on the information that should be included on the Company's corporate website pursuant to the Governance and Sustainability System.

   k. Endeavour to ensure, under the supervision of the chair of the Board of Directors, the efficient coordination of the Board with internal committees with duties of consultation or support to the Board of Directors, particularly with respect to the establishment of required information flows.

2. The secretary must state for the record the opposition thereof to resolutions that are contrary to law, to the Company's Governance and Sustainability System or to the corporate interest.
3. The Board of Directors, if it so decides and upon a proposal of the chair, may appoint a deputy secretary, who need not be a director, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. In the absence of a secretary and a deputy secretary, the director that the Board of Directors appoints from among those present at a particular meeting shall act as such.
4. The Board of Directors may also appoint a person to act as legal counsel to the Company's management decision-making body if such position is required under applicable law. The secretary or the deputy secretary, if any, may assume the duties of legal counsel if they are practicing attorneys and satisfy the other requirements established by applicable law and it is so decided by the Board of Directors.
5. Unless the Board of Directors expressly appoints another person, the secretary or, where appropriate, the deputy secretary, shall assume the functions of legal counsel to the the Company's management decision-making body, when such figure is mandatory, provided that they have the status of practising lawyers and comply with the other requirements provided for in applicable legislation.

Article 24. Meetings of the Board of Directors

1. The Board of Directors shall meet with the frequency that the chair of the Board of Directors deems appropriate, and at least once per quarter. Prior to the commencement of each financial year, the Board of Directors shall set a schedule for its ordinary meetings, which may be changed by resolution of the Board of Directors itself or by decision of the chair thereof.
2. The meetings shall generally be held in person –including the possibility of being held at a single physical location as well as at several locations connected to each other– or by remote means, on the terms set forth in the call to meeting.
3. When a meeting is called to be held at several connected places or remotely, by the remote communication systems that are used must 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, and by complying with the procedures ensuring that connections are made while fully ensuring the identity of the participants, the duty of secrecy and the protection of the corporate interest in securing access to the information transmitted and generated at the meeting, both during the deliberations therein and with respect to the decisions and resolutions adopted, with the directors being required to comply with the security and privacy protocols established by the Company. In such cases, the 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 individual meeting of the Board of Directors.
4. Meetings of the Board of Directors shall be called by e-mail or by any other medium that provides verification thereof. The call to meeting shall be sent sufficiently in advance for the directors to receive it no later than the third day prior to the date of the meeting, except for meetings that must be called on an urgent basis due to the issues to be discussed. Unless otherwise justified, the call to meeting shall always include the agenda for the meeting and shall be accompanied by any information deemed necessary.
5. The call to meeting and information deemed necessary, as well as any other communication, shall be sent or made available to the directors through the use of new technologies, and particularly through the directors' website as a fundamental tool for the efficient performance of the duties of the Board. Meetings of the Board of Directors may be cancelled or suspended, or the date, agenda or place thereof changed, using the same procedure. Otherwise, it shall be sent to the e-mail address that the director has provided to the Company when accepting the position, with the director being required to notify the Company of any change in this regard, without prejudice to mandatory restrictions regarding the use by the directors of the systems, applications and information technology and remote access elements made available thereto by the Company.
6. 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 as a meeting of all directors without notice and to the items of the agenda to be dealt with thereat.
7. On an exceptional basis, based on the circumstances in each case, the chair 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 therewith during the meeting, and their participation therein and the casting of votes, all in real time, for which purpose the procedures referred to in section 3 above shall be adopted, if appropriate. Directors connected remotely shall be deemed for all purposes to have attended the meeting of the Board of Directors.
8. The chair 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 chair may authorise the remote attendance thereof if the chair deems it appropriate, based on the provisions of section 7 above. The secretary shall record in the minutes the entries and exits of guests at each meeting.

Article 25. Quorum for the Meeting and Majorities Required to Adopt Resolutions

1. A valid quorum for meetings of the Board of Directors shall be established with 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. The proxy granted shall be a special proxy for the meeting of the Board of Directors in question, and may be communicated to the chair or to the secretary by any of the means provided for calls to meeting.
3. Resolutions shall be adopted by absolute majority of the directors present at the meeting in person or by proxy, unless other majorities are provided by law or the Governance and Sustainability System. In the event of a tie in voting, the chair of the Board of Directors shall have the tie-breaking vote.
4. 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, or to whomever assumes the duties thereof in each case, their votes and the considerations they wish to have recorded in the minutes, using any method allowing for receipt thereof, without prejudice to the security and privacy protocols established by the Company. Resolutions adopted using this procedure shall be recorded in minutes prepared pursuant to the provisions of law.

Article 26. Formalisation of Resolutions

The deliberations and resolutions of the Board of Directors shall be included in a minute book, and the minutes shall be signed by the chair and the secretary, or by the person(s) acting in place thereof, and shall be approved 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 made available to the directors prior to the meeting of the Board or has been read aloud prior to the adjournment of the meeting.

Section 3. Committees within the Board of Directors

Article 27. Committees of the Board of Directors

1. The Board of Directors may create as many internal committees as it deems appropriate with consultative or advisory duties or for the purpose of compiling reports or drafting proposals, as determined by the Board of Directors itself, but must in any case create an Audit and Compliance Committee.
2. The committees shall be governed on a supplementary basis, to the extent not incompatible with the nature thereof, by the provisions of these *By-Laws* regarding the operation of and adoption of resolutions by the Board of Directors.

   Any director, officer or professional of the Company may be asked to attend meetings of the committees upon request of their respective chair, who may also approve the attendance at its meetings of guests who can help its members be better informed for the performance of their duties.

Article 28. Audit and Compliance Committee. Internal Audit and Risk Division and Compliance Unit

1. The Board of Directors shall create a permanent Audit and Compliance Committee, which shall be composed of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors, with at least one of the directors being classified as external pursuant to Article 20.3 of these By-Laws.
2. The Audit and Compliance Committee shall have a chair and a secretary, who should not have the status of director, appointed by the Board of Directors, with the secretary being responsible for the maintenance, conservation and custody of the minute book of the Committee and of the corporate documentation generated in connection with the operation thereof.
3. Unless otherwise resolved by the Board of Directors, directors who are members of the Audit and Compliance Committee shall remain in office for as long as their appointment as directors of the Company remains in effect. The renewal, re-election and removal of the members of the Audit and Compliance Committee shall be governed by resolution of the Board of Directors.
4. The Audit and Compliance Committee shall in any event have the power to:
   a. Supervise the Internal Audit and Risk Division of the Company, which shall functionally report to the Audit and Compliance Committee.
   b. Know and review the internal control systems relating to the risks of the Company and its controlled companies and endeavour to ensure, pursuant to the general risk control policy of the Group, that the main financial and non-financial risks (including operational, technological, cybersecurity, data protection, legal, social, environmental, political, reputational and corruption-related risks) are identified, managed and adequately disclosed.

c. 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.

d. Supervise the process of preparing and presenting mandatory financial information relating to the Company and its directly or indirectly controlled companies. The Committee shall evaluate any proposed changes to accounting policies and practices, and may submit recommendations and proposals to the Board of Directors aimed at protecting the integrity of the implementation of accounting policies and practices.

e. Supervise the process for preparing and presenting as well as the clarity and integrity of the non-financial information of the Company and its directly or indirectly controlled companies.

f. Supervise the Company's actions relating to sustainable development, and particularly whether its environmental and social practices conform to the global strategy and policies of the Iberdrola Group as well as any policies approved by the Company's Board of Directors within the framework of its powers, and report thereon to the Board.

g. 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 Compliance Committee, and any other matters related to 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, reporting to the Board of Directors when so provided by law or the Company's Governance and Sustainability System.

   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.

h. On an annual basis and prior to the audit report, issue a report setting forth an opinion on whether the independence of the statutory auditors has been compromised. 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.

i. Report on Related-Party Transactions (as this term is defined in Article 36) prior to the approval thereof by the sole shareholder or the Board of Directors pursuant to the provisions of said Article 36 and without prejudice to the exceptions set out therein, and oversee the internal procedure for periodic reporting and control established by the Board of Directors regarding those for which approval has been delegated.

j. Report to the Board of Directors regarding 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 or territories included in the EU blacklist of non-cooperative jurisdictions, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the Group.

k. Receive information from the Compliance Unit in relation to any significant issue regarding regulatory compliance and the prevention and corrections of improper conduct and acts that are illegal or contrary to law or the Governance and Sustainability System.

l. Use the Compliance Unit to review the Company's internal policies and procedures in order to verify the effectiveness thereof in preventing improper conduct and identifying policies or procedures that may be more effective in promoting the highest ethical standards, for submission to the Board of Directors.

m. Review and validate the annual budget of the Compliance Unit for submission to the Board of Directors and approve the annual activities plan thereof, securing for the Compliance Unit the material and human resources needed to perform its duties, endeavouring to ensure the independence and effectiveness thereof, and issue its opinion annually regarding compliance with the activities plan and the performance of the Unit, submitting it to the Board of Directors.

n. Issue its opinion on the annual report of the Unit evaluating the effectiveness of the Company's Compliance System, as well as on the annual report of the Unit evaluating the effectiveness of the Compliance Systems of the Company and the Head Companies controlled thereby, and in turn submit such Unit's reports to the Board of Directors.

o. Have direct access, in accordance with the provisions of the Regulations of the Compliance Unit, to grievances or reports submitted through the internal reporting channels provided by the Company that might have a material impact on the financial statements or internal control thereof and, if it so deems necessary, propose appropriate actions to reduce the risk of future occurrences thereof.

p. Propose to the Board of Directors the appointment of the members of the Compliance Unit in accordance with the provisions of the Regulations of such Unit.

q. Issue a preliminary opinion on reports prepared on the separation of regulated activities, and particularly regarding the report referred to in Article 20 of the Code for the Separation of Activities of Companies of the Iberdrola España Group with Regulated Activities prepared by the Compliance Unit and submit it for the information of the Company's Board of Directors.

r. Report in advance on the amendments to the Code for the Separation of Activities of the Companies of the Iberdrola España Group with Regulated Activities.

s. Report in advance on resolutions for the appointment and removal of the directors of the regulated companies of the Group in Spain, endeavouring to ensure the suitability of the proposed candidates for the effective independence of management of said regulated companies.

t. Any other powers that may be vested therein by the Board of Directors.

5. The Company's Audit and Compliance Committee, as well as the Internal Audit and Risk Division and the Compliance Unit, shall perform their duties with full autonomy, without prejudice to the establishment of a suitable framework of reporting and cooperation regarding the performance of their duties with the Audit and Risk Supervision Committee, the Sustainable Development Committee, the Internal Audit and Risk Division and the Compliance Unit of IBERDROLA, S.A. as the holding company of the Group.

6. The organisation and operation of the Audit and Compliance Committee shall be governed not only by the provisions of this article but also by the Regulations of the Audit and Compliance Committee, the approval or amendment of which is within the purview of the Company's Board of Directors, upon a proposal of the chair thereof or the chair of the Committee.

Section 4. Rules Applicable to Directors

Article 29. General Duties of Directors

1. The directors must carry out their office and comply with the duties imposed by law and the Company's Governance and Sustainability System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties assigned to each of them.

   The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and to protect the corporate interest, in any case giving priority to the interest of the Company over their own interests.

2. In particular, a director shall be required to:

   a. Properly prepare the meetings of the Board of Directors and, if applicable, 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 Board of Directors and of the 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. If the director is unable to attend the meetings to which the director has been called due to justified reasons, the director must give instructions to the director that is to represent him or her.

   c. Fulfil any specific obligation that is entrusted to the director by the Board of Directors, by the chair thereof or by the chief executive officer, if any, and that reasonably falls within the director's scope of dedication.

   d. Inform the Board of Directors of any irregularities in the management of the Company of which the director may have 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 for 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 Company's Governance and Sustainability System or the corporate interest, request that such opposition be recorded in the minutes, and pursue the challenge of said resolutions.

3. The secretary, even if not a director, and the deputy secretary of the Board of Directors, if any, shall be responsible for fulfilling those obligations of the directors that apply thereto due to the nature of their office.

Article 30. Duty of Confidentiality

1. A director shall keep confidential the information and deliberations of the Board of Directors and of any committees of which the director is a member, and shall generally 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 or for the benefit of any other third party, without prejudice to the duties of transparency and information imposed by applicable law.
2. A director must also observe the restrictions established for the use of the systems, applications, and information technology and remote access elements made available thereto by the Company.
3. A director's duty of confidentiality shall survive even after the director no longer holds such position, except in those cases allowed or required by law.
4. Said duty shall not obstruct the normal flow of information between the Company and the other companies of the Group within the framework of the general strategic and management guidelines established by IBERDROLA, S.A. as a holding company in the interest of all companies within the Group, without prejudice to the obligations arising from applicable legal provisions, without prejudice to the obligations arising from the regulations on the separation of regulated activities in Spain and, in particular, the protection of commercially sensitive information, and always within the legal limits and without prejudice to the autonomy of the Company and the companies in which it holds an interest.
5. Directors who cease to hold office must return all corporate documentation to which they have had access in the performance of their duties, including information stored in any corporate or personal medium or device, and must expressly confirm at the request of the Company that they have complied with this obligation.

Article 31. Duty Not to Compete

1. A director may not be a director or member of management of, or provide services to, another company whose object is similar, in whole or in part, to the object of the Company or which is a competitor thereof. Excepted from the foregoing restriction are the duties that may be performed and the offices that may be held without prejudice to compliance with the applicable regulations on the separation of regulated activities: (i) in companies belonging to the Group; (ii) in companies in which the director acts as a representative of the interests of the Group; (iii) 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 finds that the corporate interest is compromised; and (iv) those other instances in which the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, when so required by law, or the Board of Directors in other cases, waives the foregoing restriction based on a finding that the corporate interest is not compromised or no damage to the Company can be expected, of if so expected, will be offset by the benefits that are expected to be obtained from the waiver.
2. A non-executive director who ceases to hold the office to which the director was appointed or who for any other reason ceases to act as such, may not be a director or member of management 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 (2) years, unless it is an entity within the Group. The executive directors' duty not to compete shall be as determined in their respective contracts. 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 32. Conflicts of Interest

1. Directors must adopt the measures necessary to avoid entering into conflicts of interest pursuant to the provisions of law.
2. A conflict of interest shall be deemed to exist in those situations provided by law, and 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 with their duties to the Company.

   An interest of the director shall exist when the matter affects the director or a person connected thereto.
3. 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, as soon as possible.

      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 connected person, in which case the latter person must be identified.

      The description of the situation must include, as applicable, the subject matter and the principal terms of the transaction or the planned decision, including the amount thereof or an approximate quantification thereof.

      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 a 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, without prejudice to the exceptions established by law.

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 the majorities required for approval of resolutions.

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 communication and 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.

4. 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 a level of detail allowing for a sufficient understanding of the scope of each of the situations of conflict.

Article 33. 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 director may be relieved from the obligation to provide such consideration, but in any such case the financial benefit shall be deemed remuneration in kind and must be authorised by the Board of Directors.

Article 34. Non-Public Information

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 customers.

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.

Article 35. 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 connected 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.

2. For purposes of the preceding section, 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 connected persons.

Article 36. Related-Party Transactions

1. "Related-Party Transactions" shall be those transactions carried out by the Company or its controlled companies with their directors, with Members of Senior Management or with their respective Related Parties, as well as transactions carried out by the Company with other companies of the Iberdrola Group subject to a conflict of interest.

2. For purposes of these By-Laws, the following shall be deemed to be "Related Parties" of the directors and of Members of Senior Management:

a. The spouse of a director and of Members of Senior Management or persons connected thereto by a like relationship of affection.

b. The ascendants, descendants and siblings of the director and of Members of Senior Management or the spouse thereof.

c. The spouses of the ascendants, descendants and siblings of the director and of Members of Senior Management.

d. Companies or entities in which the director and the Members of Senior Management directly or indirectly holds, including through an intermediary, an interest that gives them significant influence, or companies or entities, or the controlling company thereof, in which they hold a position on the management body or within the senior management thereof. For these purposes, it is assumed that any interest equal to or greater than 10% of the share capital or voting rights or based on which it has been possible to obtain representation on the company's management body, in fact or by law, provides a significant influence.

e. The shareholders represented by the director on the Board of Directors.

3. By way of exception to the provisions of section 1, the following shall not be deemed to be a Related-Party Transaction: (i) transactions entered into by the Company with its sole shareholder or with its wholly-owned controlled companies; (ii) transactions carried out by the Company with its controlled companies or investees unless any of its directors or Members of Senior Management or their respective Related Parties is in turn a significant shareholder in the controlled company or investee; (iii) transactions carried out on standard terms for customers and that are not significant, understood as those whose reporting is not necessary to give a true and fair view of the assets and liabilities, financial position and results of the Company; and (iv) the approval by the Board of the terms and conditions of the contract to be entered into between the Company and any director who is to perform executive duties, including the chief executive officer and the Members of Senior Management, and the determination by the Board of the specific amounts or remuneration to be paid under such contracts.

4. Related-Party Transactions must be approved by the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, in the instances provided by law, and particularly if they relate to a transaction having a value of more than ten per cent of the corporate assets.

5. In other situations in which the law does not require the approval of the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, Related-Party Transactions shall be subject to the approval of the Board of Directors.

6. A prior report of the Audit and Compliance Committee shall be required in both cases.

7. The Board of Directors, through the Audit and Compliance Committee, shall endeavour to ensure that Related-Party Transactions are fair and reasonable from the viewpoint of the Company.

8. Without prejudice to the provisions of section 5 above, the Board of Directors may delegate the approval of Related-Party Transactions entered into by the Company when so allowed by law, and particularly those of the Company with other companies controlled thereby belonging to the Group and subject to a conflict of interest, provided that they are transactions entered into in the ordinary course of business, which shall include those resulting from the execution of a master agreement or contract and concluded on arm's-length terms.

   The approval of the delegated Related-Party Transactions referred to in this section shall not require a prior report from the Audit and Compliance Committee, but the Board of Directors must establish a regular internal reporting and control procedure in relation thereto, in which the Audit and Compliance Committee must participate, which Committee shall verify the fairness and transparency of such transactions and compliance with any criteria for allowing the delegation.

9. The execution of a Related-Party Transaction puts the director engaging in said transaction or who is connected to the person engaging in the transaction in a conflict of interest, for which reason, to the extent applicable and subject to the provisions of law, the provisions of Article 32 above shall apply.

10. The directors must give written notice to the secretary of the Board of Directors, on an annual basis, within the first quarter of each year, regarding the Related-Party Transactions in which they or persons connected to the Company relating thereto have engaged during the immediately preceding period. The Members of Senior Management must do so through the director of Compliance, who must forward the information received to the secretary of the Board of Directors.

    Without prejudice to the foregoing, directors must immediately inform the Board of Directors in writing of any Related-Party Transaction relating to them or to their Related Parties that must be approved by the Board of Directors or by the sole shareholder pursuant to the provisions of Articles 32 and 37 or the provisions of law.

    The notice of Related-Party Transactions must include the following information: (i) object and nature of the transaction; (ii) date on which it originated; (iii) main terms and conditions, including the value or the amount of the consideration and the terms and conditions of and periods for payment; (iv) identity of the persons who participated in the transaction and the relationship, if any, with the director; and (v) other aspects, such as pricing policies, guarantees, and any other feature of the transaction that allows for a proper assessment thereof, particularly including such information as allows for verification that it is fair and reasonable from the viewpoint of the Company.

11. The secretary of the Board of Directors shall prepare a register of Related-Party Transactions, except with respect to the Related-Party Transactions of the Members of Senior Management, which shall be prepared by the director of Compliance.

12. The Board of Directors, through its secretary, shall report to the sole shareholder regarding Related-Party Transactions on an annual basis.

Article 37. Duty to Disclose Information

1. A director must notify the Company, through the secretary of the Board of Directors, of any holdings in the capital of any company with an activity that is the same, similar or complementary to the activity constituting the corporate object, and the positions or duties performed therein, as well as the performance on the director's own behalf or on behalf of others of any type of activity that is complementary to the activity constituting the corporate object of the Company. This disclosure shall be included in the notes to the annual financial statements as required by law.

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, other than those within the Group, as well as the director's other professional commitments. In particular, the director must inform the Board of Directors before accepting office as director or member of management 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).

   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 such.

   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 its chair, in the event that the director is subject to an investigation or if an order for further prosecution or an order for commencement of an oral criminal trial is issued against the director for the commission of any of the crimes set out in Section 213 of the restated text of the Companies Act. In such instance, the Board of Directors shall review this circumstance as soon as practicable and 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.

   d. In general, any fact or event that may be relevant to the holding of office as a director of the Company.

Article 38. Term of Office, Resignation and Cessation of Office

1. Directors shall serve in their position for a term of four (4) years, so long as the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, does not resolve to remove them and they do not resign from their position. In particular, directors must submit their resignation from the position and formally resign upon the occurrence of any of the instances of disqualification or prohibition against performing the duties of director provided by law.

2. Directors may be re-elected to one or more terms of four (4) years.

Article 39. Director Remuneration

1. The sole shareholder, in exercise of the powers of shareholders acting at a General Shareholders' Meeting, shall establish fixed remuneration for the external directors for belonging to the Board of Directors and to any committees thereof, and may adjust the amount of such remuneration based on the duties or positions assigned thereto.

2. Said amounts, determined by the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, shall remain in force for as long as they are not modified by a new decision of the sole shareholder.

3. Executive directors shall only be remunerated for executive duties, in accordance with the provisions of the following section.

4. The remuneration of directors who perform executive duties and in relation to said duties shall be set by the Board of Directors upon the terms provided by law, within the limit established by the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, which limit shall remain in force for so long as the sole shareholder does not approve a change thereto. This remuneration shall include a fixed allocation, variable remuneration that will depend on meeting certain objectives pre-established by the Board of Directors, severance pay, and the savings or retirement schemes that the Board of Directors deems appropriate.

5. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties and severance payments to which the director may be entitled by reason of any other employment or professional relationships that such director may have with the Company.

6. The premiums corresponding to liability, legal defence and life insurances that the Company may obtain for the benefit of the directors in relation to the exercise of the functions of the position of director will form part of the remuneration.

Article 40. 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, without prejudice to the limitations arising from any applicable legal provisions without prejudice to the limitations that arise from the regulations on the separation of regulated activities in Spain.
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 chair thereof.

Article 41. 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.
2. The assignment must deal with specific issues of certain significance and complexity arising during the performance of the director's duties.
3. The request for an expert to be hired shall be channelled through the secretary of the Board of Directors, acting on behalf of the chair thereof, 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 IV. FINANCIAL YEAR AND FINANCIAL AND NON-FINANCIAL INFORMATION

Chapter I. Financial Year

Article 42. Financial Year

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

Chapter II. Financial Information

Article 43. Preparation

1. The annual financial statements and the directors' report shall be prepared following the structure, the principles and the instructions contained in applicable legal provisions.
2. Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors' report and the proposed allocation of profits or losses in accordance with applicable law and the Governance and Sustainability System.
3. The annual financial statements and the directors' report must be signed by all directors. The lack of a signature in any of them shall be shown in each of the documents where it is missing, along with an express statement of the reasons therefor.

Article 44. Verification

1. The annual financial statements and the directors' report must be reviewed by statutory auditors.
2. The statutory auditors shall be appointed by the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, before the end of the financial year to be audited, for an initial specified period that may not be less than three years nor more than nine from the date of commencement of the first financial year to be audited, and may be re-elected by the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, upon the terms provided by law after the end of the initial period.
3. The statutory auditors shall prepare a detailed report on the results of their activity, pursuant to the legal provisions on auditing of accounts.

Article 45. Approval

The Company's annual financial statements and directors' report shall be submitted for the approval of the sole shareholder in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, and the sole shareholder shall also decide upon the distribution of profits or losses for the financial year in accordance with the approved balance sheet.

Article 46. Allocation of Profits/Losses

1. Once the reserves required by law or these By-Laws have been covered, dividends charged to the profit for the year or to unrestricted reserves may only be distributed if the book value of net equity is or will not be less than the share capital as a result of the distribution.
2. If the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, decides to distribute dividends, the sole shareholder shall determine the time and the method of payment. The determination of these matters and of any others that may be necessary or appropriate to implement the decision may be delegated to the management decision-making body.
3. The sole shareholder may resolve that the dividend be paid wholly or partly in kind.

Chapter III. Non-Financial Information

Article 47. Preparation and Verification

1. The Board of Directors shall prepare the statement of non-financial information within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System, offering a clear and reliable description of the social, environmental and sustainability performance of the Company and its controlled companies, as well as the social dividend generated and shared with its Stakeholders.
2. The statement of non-financial information shall be reviewed by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Compliance Committee.
3. The provider of said service must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.
4. The Company may not prepare the statement of non-financial information if the Company and its controlled companies are included in the consolidated statement of non-financial information prepared by its sole shareholder.

Article 48. Approval

1. If prepared, the statement of non-financial information of the Company shall be subject to the approval of the sole shareholder.
2. Pursuant to the provisions of Article 47.4 above, if the Company decides not to prepare the statement of non-financial information, the Board of Directors shall approve the non-financial information of the Company and of its controlled companies to be included in the consolidated statement of non-financial information.

TITLE V. DISSOLUTION AND LIQUIDATION

Article 49. Dissolution

The Company shall be dissolved upon the occurrence of any of the grounds established by law, which must be ascertained and assessed in accordance with the provisions of the Governance and Sustainability System, which shall supplement the provisions of applicable law in this regard.

Article 50. Liquidation

1. The Company shall be governed by applicable legal provisions and the provisions of the Governance and Sustainability System during the liquidation period and until its termination.
2. Unless otherwise decided by the sole shareholder in adopting the resolution on dissolution in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, 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 and constitute a collective body with 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.
3. During the liquidation, the sole shareholder shall be informed of the progress of the liquidation procedure so that it can make the decisions it deems appropriate in the exercise of the powers of shareholders acting at a General Shareholders' Meeting.

4. The corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the Purpose and Values of the Iberdrola Group and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group , as well as the legitimate rights of all of its Stakeholders.