



3. Code of Incompatible Activities of Iberdrola Group Spain Companies with Regulated Activities

19 October 2023

The version of these regulation currently in effect was adopted by the Board of Directors of Iberdrola Energía España at a meeting on 05/02/2024.



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PREFACE

IBERDROLA ESPAÑA, S.A.U. (the “Company”) heads a group of companies, as defined by law (the “Group”), which carry out their activities mainly within the electricity and gas sectors in Spain.

Section 8.2 of Act 24/2013, dated 26 December, on the Electricity Sector (the “Electricity Sector Act”) classifies as Regulated Activities operation of the system, operation of the market and the transmission and distribution of electricity. In addition, Section 60.1 of Act 34/1998, dated 7 October, on the Hydrocarbon Industry (the “Hydrocarbon Industry Act”) attributes the aforementioned classification to the activities of regasification, basic storage, transportation and distribution of natural gas.

Within the context of the liberalisation process, the supply of electricity and gas at regulated prices – which, in both sectors, formed part of the regulated activity of distribution – was terminated on 1 July 2008 in the case of gas and on 1 July 2009 in the case of electricity.

Moreover, since the latter date, last resort supply has been introduced in favour of certain consumers and which, in accordance with the provisions of Royal Decree-act 6/2009, dated 30 April, establishing the adoption of certain measures in the electricity sector and approving the social bonus, must be offered by last resort retailers within the ambit of Liberalised Activities, which encompass the production and retailing of both electricity and natural gas.

In accordance with the principle of incompatible activities set out in section 12.1 of the Electricity Sector Act and section 63.1 of the Hydrocarbon Industry Act, Liberalised Activities cannot be carried out by companies that undertake any of the aforementioned Liberalised Activities.

However, Spanish legislation expressly acknowledges that, as occurs within the Group, companies pertaining to a single group can undertake Regulated Activities and Liberalised Activities in Spain, providing they are undertaken by different companies and comply with the independence criteria set out in paragraphs a), b) and c) of sections 12.2 of the Electricity Sector Act and 63.4 of the Hydrocarbon Industry Act.

Companies that undertake Regulated Activities, in accordance with paragraph d) of sections 12.2 of the Electricity Sector Act and 63.4 of the Hydrocarbon Industry Act, must have a code of conduct establishing the measures adopted to ensure fulfilment of the aforementioned independence criteria and of employees’ specific obligations in this area, from which only those electricity companies with fewer than 100,000 customers connected to their networks are exempted. The Company in turn pertains to a group of companies whose parent company, as defined by law, is IBERDROLA, S.A. (the “Iberdrola Group”). In accordance with the provisions of its corporate Governance and Sustainability System, the Company is the subholding company in Spain encompassing all businesses related to energy within that country and is responsible for enforcing compliance with regulations governing the separation of regulated activities in Spain.

In compliance with the aforementioned regulations, the Company’s Board of Directors has approved this Code of Incompatible Activities for Iberdrola Group Spain companies with regulated activities (the “**Code**”).

PRELIMINARY TITLE. DEFINITIONS

Article 1. Definitions

For the purposes of this *Code*, the following definitions shall apply:

- a. Liberalised Activities: the production and sale of electricity and gas, as well as the provision of energy charging services in Spain.
- b. Regulated Activities: the distribution and transmission of electricity, as well as the regasification, basic storage, transportation and distribution of gas in Spain.
- c. Compliance Unit : collective permanent and internal body configured in accordance with the highest standards of independence and transparency, and linked to the Audit and Compliance Committee. The Unit is the body of the Company responsible for proactively and autonomously ensuring the implementation and effectiveness of the Company’s compliance system (the “Compliance System”), configured in accordance with the provisions of its Governance and Sustainability System, for which purpose it is vested with the broadest powers, budgetary autonomy and independence of action, all without prejudice to the responsibilities of other bodies and divisions of the Company.

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- d. Organisational structures for the day-to-day management of Liberalised Activities: those committees or working groups of the Liberalised Companies that are entrusted with the day-to-day management and development of the following activities related to Liberalised activities in Spain:
 - Operation and maintenance of generation and sales facilities and other assets necessary for undertaking their activities.
 - Planning, construction, expansion, improvement and development of the assets necessary for undertaking their activities.
 - Negotiation, sale, invoicing and collection for electricity, both wholesale and supply to end users.
 - Contracting access to third-party installations as necessary for undertaking their activities.
- e. Commercially Sensitive Information: any specific information that is non-public, knowledge of which by the employees, managers or directors of the Liberalised Companies could provide them with a competitive advantage.
- f. Individuals responsible for management of the Regulated Companies: members of the Board of Directors assigned executive tasks, as well as those Individuals Responsible for Management of any or some of the following functions in the Regulated Companies:
 - Operation and maintenance, planning, construction, expansion, improvement and development of the transportation, distribution, and other assets necessary for undertaking their activities.
 - Reading and measurement of electricity.
 - Installation, verification and supervision of facilities.
 - Application of the proper consumer protection measures.
- g. Regulated Companies: the companies of the Group that carry out Regulated Activities.
- h. Liberalised Companies: the companies of the Group that carry out Liberalised Activities.

TITLE I. PURPOSE AND SCOPE OF APPLICATION

Article 2. Commitment of the Group and purpose

1. The Group has an activity separation code by which the Company assumes the legally established agreements specified in the legal and functional separation of the Regulated Companies, ensuring independence in the daily management of the cited companies and of those responsible for their management, all in the terms and conditions established in the legislation in force and in this *Code*.
2. This Code contains the measures adopted by the Group to ensure the effective separation of activities therein and enforce the legally established independence standards. This *Code* specifically establishes:
 - a. The measures adopted to ensure the effective separation of activities within the Group and compliance with the independence standards on the part of the employees, managers and directors of the companies of the cited Group and, particularly, those in charge of the management of Regulated Companies and other executives and employees.
 - b. The procedures for putting it into practice, for evaluating its compliance and for drawing up the information related to the *Code* itself.
3. All employees, managers and directors of the regulated and liberalised companies, as affected, must meet the objectives and comply with obligations included in this *Code* and respect it when undertaking their professional activities within the Group.

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Article 3. Scope of application

This Code is applicable to all directors, managers and employees of the Regulated Companies of the Group that carry out activities in Spain, under the scope determine for each of them, regardless of their hierarchical level (except those from electricity distribution companies of the Group with less than 100,000 customers connected to their networks), as well as to directors, managers and employees of the Liberalised Companies of said Group to the extent that they are affected by applicable regulations regarding the separation of activities.

TITLE II. LEGAL SEPARATION OF ACTIVITIES

Article 4. Legal separation

The Group is a vertically integrated group of companies that operates in the electricity and gas sectors and in which, on the one hand, Regulated Activities and, on the other, Liberalised Activities, are carried out through different companies.

This legal separation is materialised as per the provisions of the following articles.

Article 5. Performing of Regulated Activities and Liberalised Activities by different companies

1. The sole corporate purpose of the Group's companies carrying out Regulated Activities is the performance thereof, whereby they cannot perform activities of production, retailing or provision of energy recharging services, nor have stakes in companies conducting such activities.
2. It corresponds to the Company, as a subholding company, by way of its Board of Directors, to disseminate, implement and ensure compliance with the policies, strategies and general guidelines of the Iberdrola Group in Spain, bearing in mind their characteristics and peculiarities, and is tasked with enforcing compliance with the regulations governing the separation of regulated activities. In the performance of this duty, the Company must adopt the necessary measures aimed at ensuring effective separation of Regulated Activities and Liberalised Activities, as well as the legally established independence standards.

Article 6. Differentiated identification of Regulated Companies and Liberalised Companies

The denominations of Regulated Companies shall contain elements that are sufficiently differentiated from the denominations of Liberalised Companies. For this purpose, a sufficiently differentiating element shall be inclusion in the corporate denomination of the reference to the regulated activity involved.

Regulated Companies shall not be misleading in their information and in the presentation of their brand and brand image as regards the self identity of Liberalised Companies.

Article 7. Common services

1. The principle of incompatible activities does not prevent Regulated Companies and Liberalised Companies from benefitting from common services provided both internally and externally.
2. In the case of external common services, due measures must be taken so that the following are avoided at all times: (i) confusion between Regulated and Liberalised companies; and (ii) promotion of Liberalised Companies by Regulated Companies.
3. In all cases, in the provision of common services, the distribution of costs and the provision of services shall be carried out in accordance with objective and transparent market criteria, thereby avoiding any discrimination, subsidy, or competitive advantage.

TITLE III. FUNCTIONAL SEPARATION AND COMPLIANCE WITH THE INDEPENDENCE STANDARDS

Article 8. Functional separation and independence standards

The Group ensures the effective functional separation of Regulated Activities and compliance with the legally established independence standards through the measures and obligations in this Code for those responsible for the management of Regulated Companies and the other executives and employees as laid down in the following articles.

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Article 9. Effective decision-making capacity of Regulated Companies

1. Within the limits set out in this Code, Regulated Companies shall have effective decision-making capacity, independently from all other companies of the Group, in relation to those activities necessary for the operation, maintenance and performance of day-to-day activities and, specifically, for:
 - a. Operating, maintaining and performing the assets of electricity transmission and distribution (in the electricity sector).
 - b. Operating, maintaining and performing the activities of liquefied natural gas regasification and of transportation, basic storage and distribution of natural gas (in the hydrocarbon sector).
2. The Group's companies shall not give instructions to Regulated Companies or those responsible for their day-to-day management, nor regarding their management or the specific decisions relating to:
 - a. The construction or upgrading of electricity transmission and distribution assets that must be undertaken within the limits set out in the annual financial plan or equivalent instrument to which Article 10.3 refers.
 - b. The construction or upgrading of assets of liquefied natural gas regasification and of transportation, basic storage and distribution of natural gas that must be undertaken within the limits set out in the annual financial plan or equivalent instrument to which Article 10.3 refers.
 - c. The contracting of services from other Iberdrola Group companies if they fail to offer economic conditions comparable to those that would be obtained externally.
3. Regulated Companies shall have the human, material and financial resources that are adequate and necessary to carry out their day-to-day activities independently.
4. Decisions concerning the operation, maintenance, and development of the networks of the Regulated Companies within the limits of the annual financial plan or equivalent instrument shall be adopted and, where appropriate, amended, by those responsible for the management of each of the Regulated Companies, without approval being required from other Iberdrola Group companies.

Article 10. Group supervisory powers

1. The Company has economic supervisory powers as well as for the management of Regulated Companies and of the remaining companies that make up the Group. The Company's Board of Directors shall set the strategic goals in the context of its general supervisory functions which, at no time, implies the power to give instructions to Regulated Companies regarding their ordinary activities. In this regard, the Board of Directors of Regulated Companies will be the body in charge of supervising the effective separation of activities in each of the companies from Liberalised activities as well as of the compliance by managers and other employees and executives with the independence criteria set by current legal provisions and this Code.
2. Supervisory functions shall be carried out by the single or collective administration or management bodies of the Company that are assigned such functions, whose meetings, in the case of collective bodies, can be attended by directors, officers or managers of Regulated Companies to enable the performance of said supervisory functions.
3. In the performance of said supervisory functions, the Company shall approve the annual financial plan of Regulated Companies and establish the limits on their level of indebtedness, shall not interfere in the viability of the budget created by the regulated company as a single company, although Regulated Companies can annually submit to the Company those proposals it deems appropriate for ensuring that it has sufficient human, material and financial resources to carry out its day-to-day activities.
4. Those single or collective administration or management bodies of the Company that are assigned supervisory functions shall be informed in advance regarding individual investments made by Regulated Companies in accordance with the annual financial plan and the overall debt limits set by the Company in relation to the companies that make up the Group.

Article 11. Non-participation of individuals responsible for the management of Regulated Companies in organisational structures of the Iberdrola Group for the day-to-day management of Liberalised Activities

1. Individuals responsible for the management of the Group's Regulated companies shall not participate in Organisational Structures of the Group which are directly or indirectly responsible for the day-to-day management

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of Liberalised Activities. In addition, the distribution network administration officer shall not participate in the day-to-day management of transmission activities.

2. The Management bodies of Regulated Companies and Liberalised Companies shall submit to the Compliance Unit, respectively, an updated list of the individuals responsible for the management of the first, as well as the organisational structures of the day-to-day management of the second.
3. The individuals responsible for the management of Regulated Companies can intervene in any organisational structure in order to fulfil the Group's supervisory and control powers in relation to Regulated Companies, in accordance with the provisions of Article 10 above.

Article 12. Independence and protection of the professional interests of the individuals responsible for managing Regulated Companies

The Group ensures the independence and protection of the professional interests of the individuals responsible for managing Regulated Companies through the following measures:

- a. Agreements concerning the appointment and removal of directors of Regulated Companies can only be adopted upon a report from the Company's Audit and Compliance Committee, who shall ensure the suitability of the proposed candidates for the effective independence of the management of Regulated Companies.
- b. The appointment, promotion and withdrawal of employees and managers who are responsible for managing Regulated Companies shall only be made by decision of the governing body of said companies and in accordance with requirements, conditions or causes that ensure the separation of activities and independence standards legally established and in this Code.
- c. The individuals responsible for managing Regulated Companies shall have sufficient powers to perform their functions independently. The job profiles and the individuals assigned thereto shall be defined and chosen, respectively, according to the needs and interests of the Regulated Companies.
- d. The withdrawal or dismissal of individuals responsible for managing Regulated Companies shall not be based on causes originating from the affected person's compliance with the rules contained in this Code.
- e. The remuneration for individuals responsible for managing Regulated Companies arising from the duties that they undertake shall be established by the Regulated Companies themselves and may be linked to the management of Liberalised Activities. In any case, their remuneration will be determined following criteria that guarantee their independence.

Article 13. Prohibition on holding shares in Liberalised Companies

Regulated Companies and individuals responsible for managing Regulated Companies shall not hold, directly or indirectly, equity interests or shares in companies that carry out Liberalised Activities.

Article 14. Protection of Commercially Sensitive Information

1. Commercially Sensitive Information must be properly identified through the corresponding procedures in place at Regulated Companies.
2. Regulated Companies and their employees, managers and directors shall not share Commercially Sensitive Information with Liberalised Companies.
3. Access to Commercially Sensitive Information by external advisors from Regulated Companies shall be subject to strict confidentiality obligations, whereby they shall be prohibited from disclosing any such information to third parties and, particularly, to Liberalised Companies.
4. In any event, whenever such Commercially Sensitive Information must be legally disclosed to Liberalised Companies and third parties, it shall be disclosed non-discriminately to all the Liberalised Companies' competitors.
5. If the Commercially Sensitive Information is of a privileged or relevant nature and affects the shares or other negotiable securities issued by companies from the Iberdrola Group or by third parties, the provisions set out in the *Internal code of conduct in the Securities Markets* of IBERDROLA, adopted by the company's board of directors shall apply, as well as those laid down by the pertinent legislation currently in force.



6. To fulfil the confidentiality of Commercially Sensitive Information of Regulated Companies, the following is established:
 - a. All Commercially Sensitive Information of Regulated Companies identified as such must be safeguarded by their respective system administrator, who shall be tasked with this function (the “**System Administrator**”).
 - b. Databases containing said Commercially Sensitive Information must have restricted access ensuring that employees, managers and directors of Liberalised Companies cannot access them. As an exception, express allowance is made for the possibility that employees involved in the provision of common services within the Iberdrola Group may have access to databases containing Commercially Sensitive Information, for the sole purpose of performing the activities contemplated in the corresponding services contract. The defining of access profiles and their assigning to Iberdrola Group employees shall be done by the System Administrator, attending to the specific needs of each employee to perform their functions.
 - c. In any event, all necessary security measures must be taken so that Commercially Sensitive Information is not accessible from external systems.
 - d. The System Administrator must draw up a security document of mandatory compliance for all personnel that accesses Commercially Sensitive Information, including the following aspects: its scope of application; the measures, regulations, procedures and rules aimed at ensuring the level of security required by current regulations; the functions and obligations of personnel; the structure of the files; the procedures for notification, management and response to incidents; and the procedures for making backup copies and recovery of information.

The security document must be revised whenever relevant changes are made in the information system or in its organisation. Likewise, all personnel falling within its scope of application must be informed.
 - e. Identification and authentication measures:
 - The System Administrator must compile an updated list of users with authorised access to Commercially Sensitive Information.
 - The System Administrator must set up identification procedures for accessing such information. For that purpose, the corresponding procedures for assigning, distributing and storing passwords must be set up.
 - Users shall only have access to the data and resources they require for their functions, which can be verified through the corresponding access control mechanisms.
 - f. Only personnel authorised in the security document can be authorised to access premises housing systems that contain Commercially Sensitive Information.
7. Employees and managers from Regulated Companies shall receive regular in-house training on functional separation, especially on protecting the confidentiality of Commercially Sensitive Information. It is mandatory for new employees and managers who join Regulated Companies to take part in said training events.
8. The individuals responsible for managing Regulated Companies shall regularly inform their employees and executives regarding their confidentiality obligations.
9. The confidentiality obligation must especially apply to workers who are transferred from Regulated Companies to Liberalised Companies and have had access to Commercially Sensitive Information of Regulated Companies.

TITLE IV. APPROVAL

Article 15. Approval and amendment

1. Approval of this Code and any amendment thereto shall correspond to the Company's Board of Directors, at the proposal of the Compliance Unit and following a report by the Company's Audit and Compliance Committee.
2. Likewise, this Code and any amendment thereto must be assumed by the Regulated Companies, through the corresponding agreements from their respective governing bodies.

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TITLE V. COMMUNICATION AND DISSEMINATION

Article 16. Communication and dissemination

1. The *Code* shall be communicated to and disseminated among the Group's employees and managers and especially among those from Regulated Companies.
2. The *Code* shall also be disseminated externally, particularly via the Company's corporate website.

TITLE VI. SUPERVISION, COMPLIANCE, ASSESSMENT AND UPDATING OF THE CODE

Article 17. Supervision and compliance. Compliance Unit

1. The Compliance Unit shall be the body of the Company in charge of the supervision and assessment of compliance with the obligations established in this *Code*. The Compliance Unit shall be fully independent and have sufficient powers to properly perform their functions in accordance with the provisions contained in the Regulations of the Compliance Unit.
2. The Compliance Unit Manager's dismissal may not, under any circumstances, be based on grounds originating in the performance of the duties conferred by this *Code*.
3. The Compliance Unit shall have access to all information, documents and offices of the Group's companies as required to properly perform their functions, in accordance with the provisions of the Company's *Compliance Unit Regulations*.
4. In the performance of their duties, the Compliance Unit shall act in a transparent manner, keeping the affected employees, managers and directors informed at all times as to the purpose and scope of their verification and assessment actions.
5. Employees, managers and directors of Iberdrola Group companies shall give the Compliance Unit any help they may require to properly perform their functions.
6. Managers at the Group's companies (particularly the individuals responsible for managing Regulated Companies) shall permanently foster compliance with the obligations of this *Code*.

Article 18. Assessment

1. The Compliance Unit shall assess compliance with and effectiveness of the *Code* and regularly report thereon to the governing bodies of Regulated Companies. The foregoing is notwithstanding the powers that, in accordance with the Company's corporate governance system, have been given to the Audit and Compliance Committee within its specific scope of action and the Compliance Unit at the Business Unit parent companies of the Group.
2. The Compliance Unit shall notify the affected companies as to the results of the assessment as well as any shortcomings detected, if any, in order that they may immediately adopt the appropriate measures to ensure compliance with the provisions of this *Code*.

Article 19. Updating, amendment or development

Based on the results of the assessment, the Compliance Unit may propose to the Company's Board of Directors, following a report by the Company's Audit and Compliance Committee, the updating, amendment or development of this *Code*.

TITLE VII. ANNUAL REPORT

Article 20. Annual report

1. On the basis of the assessment referred to in Title VI above, the Compliance Unit shall compile an annual report, and the Regulated Companies shall be informed as to the content and results thereof. This report must specify the measures adopted to ensure compliance with the functional separation of Regulated Activities and the independence standards established in the applicable laws and this *Code*.

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2. The Company's Audit and Compliance Committee will issue a previous opinion on the annual report, which shall be submitted to the Company's Board of Directors for its knowledge along with the Compliance Unit's report. The foregoing is notwithstanding the powers conferred for such purpose upon the Audit and Risk Supervision Committee and the Compliance Unit of IBERDROLA, S.A.
3. The annual report shall also be submitted to the Spanish Ministry for Ecological Transition and Demographic Challenged, and to the National Markets and Competition Commission (or any other body which may take on their functions in such matters in the future) and shall be published in accordance with the applicable regulations.