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# By-Laws of Iberdrola Energía España, S.A.U.

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## Preamble

This Preamble forms part of the *By-Laws* of Iberdrola España, S.A.U. (the “**Company**”), inspiring their content and serving as a basis for their interpretation, application and development, thus expanding the usual content of these corporate regulations.

The Company forms part of an international industrial group of which Iberdrola, S.A. (“Iberdrola”) is the controlling listed holding company (the “**Group**”) and the decentralised corporate decision-making structure of different levels of which, inspired by the principle of subsidiarity, with robust coordination mechanisms, ensure the *global* integration of all the businesses of the group, their risk management in accordance with a business Model aimed at maximising the value of all the Group’s business activities in the interest of every one of its component companies, maintaining a system of checks and balances and a clear separation of functions and responsibilities.

Based on the foregoing, the Company is set up as the parent company of the Group’s businesses, which carries out customer activities in Spain, and is responsible for the ordinary running and effective management of the business constituting its corporate purpose and the consequent responsibility for its ordinary control, without prejudice to the organisational, supervisory and strategic coordination function attributed to Iberdrola España, S.A.U., as a *subholding* company of the Group in Spain, in all cases respecting the applicable regulations, in particular those relating to the separation of regulated activities.

This Preamble also seeks to express the Company’s commitment to the *Purpose (to continue building, every day and in collaboration, a healthier and more accessible energy model) and Values (sustainable energy, integrating force and driving force) of the Group*, as well as with its *Code of Ethics*, which, as the basis of their corporate ideology and ethical principles, preside over the activity of the Company constituting its corporate purpose and guide its business strategy and project.

The Company also shares the corporate interest of IBERDROLA, S.A. aimed at the creation of comprehensive and sustainable value through the development of the activities included in the corporate purpose, taking into consideration the Stakeholders related to the Group’s corporate purpose and institutional reality, making them participants in the social dividend generated in its activities, in particular by contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), which, in short, characterises it as a company and institutional reality, an actor in the economic and social environment in which it carries out its activities, in accordance with the aforementioned *Purpose and Values of the Iberdrola Group* and with the commitments assumed in the *Code of Ethics*.

The *By-Laws* provide for the Company’s Governance and sustainability system, that is, its internal and specific regulations, developed under the protection of corporate autonomy for the achievement and implementation of *Grupo Iberdrola’s Purpose and Values*, the creation of sustainable value that satisfies the corporate interest and makes the social dividend that it shares with all of its Stakeholders feasible and real.

Likewise, the *Company’s By-Laws* provide for its own developed Compliance System aimed at preventing and managing the risk of non-compliance with regulations, ethics or the Governance and Sustainability System.

The *Articles of Association* to which this Preamble is, part govern, insofar as applicable, the actions of the governing bodies, top management and other professionals within the Company, which shall have the duty to comply with them and the right to demand compliance therewith.

## TITLE I. GENERAL PROVISIONS

### Article 1. Name and identity

1. The company name is Iberdrola Energía S.A. (Sociedad Unipersonal).
2. The Company is an independent company dedicated to the activity of customers that includes the marketing and supply of energy, as well as products and services focused on decarbonisation, cogeneration and the purchase and sale of energy in the wholesale markets, which has Iberdrola España, S.A.U. as its sole shareholder, which it will state under the terms provided for by law.

### Article 2. Corporate Purpose

1. The purpose of the Company is:
  - a. The electricity generation business, through the design, construction, operation and maintenance of all manner of generation facilities, using any source of primary energy.
  - b. The procurement of fuel, raw materials and primary energies of any kind, whether for its own or third-party facilities.
  - c. The performance of all manner of activities relating to the marketing, purchase and sale of energy products and commodities on markets established for the purpose and using means of existing forms of contracting, both in proprietary transactions and as a broker for third parties.
  - d. The provision of energy services in general, using production facilities or other facilities related to or associated with other industrial establishments.
  - e. The promotion, creation and furtherance of industrial, commercial and service businesses, and the promotion of technological innovation and development in connection with any of the activities within or ancillary to the corporate purpose.
  - f. The provision of assistance or support services to other companies, especially its investee companies, with the aim of offering any appropriate warranties and guarantees that will favour them.
2. The activities shall be performed primarily in Spain, and also abroad, either directly, wholly or in part, by the Company, or via ownership of shares or stakes in other companies, with identical or analogue corporate purpose remaining subject to the provisions of sectoral legislation applicable at all times, and especially to the electricity sector, guaranteeing compliance with the rules on separation of regulated activities.
3. The Company will carry out no activity for which legislation calls for the fulfilment of specific conditions or requirements unless it can fully comply therewith. If any of the activities within the breadth of the corporate purpose require professional certification, the Company will serve as intermediation, though they shall be excluded from the scope of application under Spanish Act 2/2007 of 15 March.

### Article 3. Duration of the Company

The lifetime of the Company shall be indefinite, with operations commencing on the formalisation date of the founding public deed.

### Article 4. Registered Office and Branches

1. The company's registered office is Plaza Euskadi 5, Bilbao, Bizkaia.
2. Said registered office may be moved within the same municipality if so resolved by the Board of Directors, which can also decide on the creation, closure or moving of branches, agencies, delegations and representations anywhere in Spain.

### Article 5. The Company within Grupo Iberdrola:

1. The Company is the parent company of the businesses that carry out customer activities in Spain for the multinational group of companies *whose parent* holding company, as defined by law, is IBERDROLA, S.A. In particular, the *Company's* subholding company is Iberdrola España, S.A.U., which, in turn, is fully owned by IBERDROLA, S.A.
2. The Company is part of the Group's decentralised corporate structure as the head of business company, and is responsible, with the necessary autonomy, for the day-to-day management and effective management of the activities it carries out, without prejudice to the duties of supervision, organisation and strategic coordination performed by IBERDROLA, S.A. as the Group's *holding* company, as well as by Iberdrola España, S.A.U. as a *subholding* company of the Group in Spain, which complements such functions with respect to the Company and the other head of business companies in which it has an interest, disseminating, implementing, and ensuring the monitoring of the policies, strategies, and general guidelines with projection at the Group level with attention to the characteristics and singularities of the respective territories, countries, or businesses in which both the Company and the other head of business companies in which Iberdrola España, S.A.U. has an interest are present, contributing to the global integration thereof, contributing to their overall integration into the Group and its Business Model.

3. The Company, in its capacity as the parent company of the Group's businesses that carry out customer activities in Spain, groups together the holdings of the investee companies, directly or indirectly, that carry out customer activities in strict compliance with the applicable regulations, particularly those relating to the separation of regulated activities in the jurisdictions in which it is present.
4. The Company has its own Governance and Sustainability System, approved within the framework of the performance of its responsibilities and in the exercise of its powers, which constitutes its internal regulations together with its own Compliance function, which has the appropriate material and human resources to manage its Compliance System.

#### Article 6. Corporate interests

The Company shares IBERDROLA, S.A.'s concept of corporate interest, which is understood as the common interest of all persons holding shares in an independent public limited company with its own distinct statutory identity, aimed at the creation of comprehensive (economic, environmental, social and governance) and sustainable value through the development of the activities included in its corporate purpose, taking into consideration the other Stakeholders related to its business activity and consistent with its institutional projection, in accordance with the Iberdrola Group's *Purpose and Values* and with the commitments assumed in its *Code of Ethics*.

#### Article 7. Social Dividend

1. The development of the activities included in the corporate purpose, in particular, the Company's innovation and digital transformation strategy, must be oriented towards the creation of sustainable value, in accordance with the *Purpose and Values of the Iberdrola Group* and with the commitments assumed in its *Code of Ethics*.
2. The Company, as a head company of the retailing activity in Spain, contributes to the Group's social dividend providing direct, indirect or induced value to its activities represent for all stakeholders, in particular, through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and its commitment to best practices in environmental, social and corporate governance issues.
3. Accordingly, the Company shall collaborate with the Iberdrola España Foundation to promote and pursue activities related with sustainable development policies in Spain by signing the corresponding cooperation agreements.
4. The Company's performance in social, environmental and sustainability areas, in addition to the social dividend generated and shared with its stakeholders, constitute the Company's non-financial information. The Company will promote the public dissemination of the social dividend generated, especially among its stakeholders.

#### Article 8. Applicable, Regulations, Governance and Sustainability System and Compliance System

1. The Company is governed by the legal provisions relating to public limited companies and other applicable laws and regulations, as well as by its Governance and Sustainability System established by its governing bodies in exercise of its corporate autonomy.
2. The Governance and Sustainability System is the Company's internal regulation, configured in accordance with current legislation in exercise of the corporate autonomy that protects it; it aims to ensure the best performance of the corporate contract that binds its sole shareholder and, in particular, of the, corporate purpose the corporate interest and social dividend, as defined in the preceding articles.
3. The Governance and Sustainability System comprises these *Articles of Association*, other rules of governance and compliance approved by Company's management bodies and the set of Group standards that have been approved by the IBERDROLA S.A Board of Directors in the exercise of its functions as a *holding* company by definition and the Iberdrola Group organisational model, or by the Board of Iberdrola España, S.A.U. in the exercise of its powers as a *subholding* company, therefore incorporating them in the general strategy approved by Iberdrola which have been adopted by IBERDROLA S.A., thus incorporating them into its Governance and Sustainability System (the *Purpose and Values of the Iberdrola Group*, its *Code of Ethics* and those corporate policies and governance and compliance standards that have been adopted by the Company).
4. The Company's Governance and Sustainability System is inspired by and responds to the *Purpose and Values of the Iberdrola Group*, which define the ideological and axiological basis of its business project, which, due to its size and importance, is the reference centre for broad stakeholders and the economic and social environment in which the entities that make up it lead to carry out their activities.
5. It is the responsibility of the Company's sole shareholder and the Board of Directors, in their respective fields of competence, to set up, develop, apply and interpret the rules that form part of the Company's corporate governance system in order to ensure the fulfilment of its goals at all times and, in particular, the achievement of the corporate interest.
6. The content of the rules that make up the Company's Governance and Sustainability System Governance in their complete or summarised version, can be consulted on its 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 actions aimed at preventing and managing the risk of non-compliance with regulations, ethics, or the Governance and Sustainability System itself, as well as at contributing to the full realisation of the *Purpose and Values of the Iberdrola Group* and of the corporate interest.

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8. The application and development of the Company's compliance function and system is the responsibility of the Compliance Unit, an internal and permanent collegiate body that is set up in accordance with the highest standards of independence and transparency and linked to the Board of Directors, being the Company body responsible for proactively and autonomously overseeing the implementation, effectiveness and management of the Compliance System.

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

1. The Company seeks the involvement of all Stakeholders in its activities, in accordance with a relationship policy based on the principles of transparency and active listening that allows it to continue to respond to their legitimate interests, with the Company effectively disclosing information on its activities.
2. The Company's corporate website, its presence on social media and, in general, its digital innovation strategy contribute to the Group's digital communication strategy, which seeks, among other aims, to encourage the involvement of all its stakeholders, reinforce and enhance the Iberdrola brand, thereby favouring the development of the Group businesses and their digital transformation.
3. By promoting the accessibility of its corporate website, the Company attests to its commitment to transparency and engagement with its various stakeholders and society in general, which in turn serves as a basis for generating credibility and mutual trust.

#### Article 10. Dealings with Public Administrations

The Company can deal with the Public Administrations on behalf of other individuals or corporations, including those not belonging to the Group, in accordance with legal terms and conditions.

### TITLE II. SHARE CAPITAL AND SHAREHOLDERS

#### Article 11. Share capital and representation of shares

1. The share capital is €1,985,451,816 divided into 1,985,451,816 registered ordinary shares, of €1 par value each, numbered sequentially from 1 to 1,985,451,816 inclusive, belonging to a single class and series and fully subscribed and paid up.
2. Shares shall be registered in the register of shareholders, and the Board of Directors of the Company shall have authority to issue a multiple share certificate embracing all shares owned by the single member.

#### Article 12. Transfer of shares

1. Company shares may be transferred to any person in accordance with such laws and regulations as may apply.
2. To the extent that the transfer of shares implies the loss of the status of a sole-shareholder company, the corresponding adaptation of these *By-Laws* must be made simultaneously.

#### Article 13. Shareholder Status

1. The share confers on its legitimate holder the status of shareholder and confers upon it the rights and obligations established by law and in these *By-Laws*, with the particularities derived from the status of a sole proprietorship.
2. The ownership of the shares by the sole shareholder implies compliance with the Governance and Sustainability System of the Company and the duty of respecting and complying with the decisions adopted by the governing bodies thereof in accordance with the current legislation and its Governance and Sustainability System.

### TITLE III. MANAGEMENT OF THE COMPANY

#### Chapter I. The sole shareholder's decisions in the exercise of the General Shareholders Meeting's powers.

#### Article 14. Executing the sole shareholder's decisions in the exercise of the General Shareholders Meeting's powers

1. The sole shareholder shall decide on the matters attributed to the General Shareholders' Meeting by law or by these *By-Laws*, and in particular regarding the following:
  - a. Appointment of directors with the corresponding classification in accordance with Article 20 of the *By-Laws* and its removal.
  - b. Appointment and dismissal of auditors and of receivers.
  - c. Approval of the annual accounts, of the management report, of the appropriation of profits and the corporate management report within the first six months of each financial year.
  - d. Approval of the Company's statement of non-financial information which, where applicable, may have been drawn up by the Board of Directors within the period and in compliance with the provisions of current legislation and the Governance and Sustainability System.
  - e. Payment of interim dividends



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- f. Increase and reduction of share capital, with the ability to delegate to the Board of Directors, if applicable, within statutory time limits, the power to execute a decision already taken to increase share capital, or the power to resolve upon an increase in share capital on one or more occasions, in accordance with legal provisions.
  - g. Issuance of bonds and other negotiable securities and delegation to the Board of Directors of the power so to issue, in accordance with legal provisions.
  - h. Authorisation of Related Party Transactions as determined by these *By-Laws*).
  - i. Amendment of the Company's *By-laws*.
  - j. Acquisition, disposal or contribution to another company of essential assets in the terms stipulated by law.
  - k. Merger, spin-off, universal assignment of assets and liabilities, and transformation of the Company.
  - l. Liquidation and winding up and approval of the final winding up balance.
  - m. Any matter that the Board of Directors may lay before it for a decision.
2. The sole shareholder shall immediately communicate to the Chairman of the Board of Directors any decisions taken in exercise of the powers of the General Shareholders Meeting.

#### **Article 15. Documentary record of the resolutions of the single member**

1. The powers of the General Shareholders Meeting shall be exercised by way of decisions taken by the sole shareholder, which shall be minuted, bearing his signature or that of his representative, and these decisions may be executed and formalised by the sole shareholder, 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 of the sole member taken in the exercise of the powers of the General Shareholders' Meeting, their notarisation, and their registration at the Commercial Register, shall be carried out in accordance with the provisions of the *Commercial Registry regulations*.
3. In this regard, the secretary to the Board of Directors will manage and keep the sole shareholder's resolutions minutes book in exercise of the powers of the General Shareholders' Meeting.

### **Chapter II Company management**

#### **Section 1. General provisions**

##### **Article 16. Structure of the Company's administration and representation**

1. The management of the Company rests with a Board of Directors, which may delegate any or all of its powers to CEO, as stated in the *By-Laws*.  
  
The Board of Directors may also set up other committees or internal committees with consultative or advisory functions or for compiling reports or drafting proposals, as determined by the Board of Directors itself.
2. The Company's representation falls upon the Board of Director and, where applicable, the CEO.  
  
The Board of Directors may represent the Company acting as a collegial body. The Chief Executive Officer, shall have the power to represent the Company acting individually.
3. The resolutions of the Board of Directors or the Executive Committee shall be carried out by the Chairman or the Director designated in the resolution, either of whom may act individually.

##### **Article 17. General principles of action**

The Board of Directors as well as, where applicable, the CEO, shall perform their functions and exercise their powers with unity of purpose, independent judgement and loyalty to the corporate interests, in accordance with the *Purpose and Values of the Iberdrola Group* and with its *Code of Ethics*. When performing their actions they shall respect the stipulations of the applicable regulations, the Company's Governance and Sustainability System and, with particular, regard to the Board of Directors, the internal organisational and functional rules laid down by it in the framework of its powers of self-organisation.

#### **Section 2. Of the Board of Directors**

##### **Article 18 Powers of the Board of Directors**

1. The Board of Directors is empowered to adopt resolutions on all matters which are not attributed by law or the *By-Laws* to the sole shareholder in the exercise of the powers of the General Shareholders' Meeting, and has the widest powers to manage, direct, administer and represent the Company.

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2. The specific and non-delegable functions of the Company's Board of Directors, as the parent company of the Iberdrola Group's businesses that carry out customer activities in Spain, are as follows:
  - a. Collaborate with Iberdrola España, S.A.U. as a *subholding* company of the Group in Spain, to define the management guidelines and strategic goals of the Group in Spain, with respect to the business and activities of the Company, and to enable the exercise of the functions of supervision, organisation and strategic coordination of the *subholding* company.  
To this end, the Company shall submit to the *subholding* company its proposed annual goals, results and the budget of resources required to achieve them, in order to facilitate the exercise by the *subholding* company of its functions regarding the organisation, supervision and strategic coordination of the Group in Spain.
  - b. Approve the short- and long-term strategic objectives and action programmes in relation to all the activities included in the renewable energy business that constitute its corporate purpose.
  - c. Drawing up the proposals for the distribution of dividends to be submitted to the sole shareholder for its decision in the exercise of the powers of the General Shareholders' Meeting in accordance with the policy established by Iberdrola as the holding company of the *Group*.
  - d. Supervising and implement the strategy relating to relations with Stakeholders related to the Company's activities, in accordance with the policy and model established in this regard at Group level, approving, where appropriate, in accordance with its activities and scope of action, the signing of collaboration agreements with Iberdrola España, S.A.U. and Fundación Iberdrola España in order to promote and implement the activities carried out in relation to the sustainable development policies of its scope of action.
  - e. Ensuring that the Company and its subsidiaries, directly or indirectly, comply with the regulations on personal data protection in accordance with the Group policies established in this regard. In this regard, the Company's Data Protection Officer will report to the Board of Directors.
  - f. Approving the annual budget of the Company and its subsidiaries, directly or indirectly.
  - g. Approving the financial report relating to the Company and its subsidiaries, directly or indirectly, as the case may be, reviewed by the accounts auditor.
  - h. Taking note of the recommendations from business committees established globally or locally and project them onto the implementation of its business activities, in order to generate synergies and use these to maximise the value of all businesses.
  - i. Participate, for the sake of greater efficiency in undertaking its activity, in the synergies derived from the provision of intra-group, services as well as corporate functions operating at the Group level.
  - j. Supervise compliance with the regulations on the separation of regulated activities and, therefore, with *the Code on the Separation of Activities for Iberdrola España Group Companies with Regulated Activities*.
  - k. Ensure proper use of the Iberdrola brand as an expression of the *Group's Purpose and Values* and commitment to its *Code of Ethics*.
  - l. Promoting the presence of the Company on social media and developing the communication and innovation strategy and its digital transformation.
  - m. Establishing, in particular, from its scope of responsibility as a head of business, company, the structure and accessibility of the Company's corporate website, through which the Purpose and Values of the Group and its *Code of Ethics* will be disseminated, identifying its activities, its relationship with the Group and its position on matters of corporate governance, sustainability and the environment. It also serves as an instrument for boosting its relations with the most relevant Stakeholders and with society in general, establishing the necessary coordination for this purpose with the corporate websites of the holding companies of the businesses owned by the Company, to avoid confusion between them.
3. The Board of Directors shall also be responsible for directly exercising the following non-delegable powers:
  - a. Establishing its own organisation and role.
  - b. Drawing up annual financial statements, management report and the proposed allocation of profit/losses of the Company, taking care that those documents give a true and fair view of the equity, financial position and results of the Company in accordance with applicable law, and presenting them to the single, shareholder in exercise of the powers of the General Shareholders Meeting.
  - c. Drawing up the statement of non-financial information, within the period and in accordance with the provisions of current legislation and the Governance and Sustainability System and presenting it to the sole shareholder in the exercise of the powers of the General Shareholders' Meeting.
  - d. Drawing up any class of report required by law from the Board of Directors whenever the operation to which the report refers cannot be delegated

- e. Planning and renewing internal positions on the Board of Directors and the members and positions of such committees as may be set up within the Board.
  - f. Transfer to the sole shareholder in the fiscal year of the powers of the General Shareholders' Meeting, in accordance with these *By-Laws* and within the limits established by them, the corresponding proposals for resolution in relation to the compensation of directors in their capacity as such.
  - g. Determining, in the case of executive board members, the remuneration for their executive duties and further conditions that their contracts, must observe as stipulated by law.
  - h. Agreeing on the appointment and dismissal of the members of its senior management. For these purposes, those executives who report directly to the, Board of Directors or to any of its members and, the head of the Internal Audit Department shall be considered members of its senior management ("*Member of Senior Management*").
  - i. Approving the proposals for the appointment and removal of directors of direct subsidiaries of the Company, although for all existing independent directors these proposals shall be passed on by the Board of Directors to the Appointments Committee of IBERDROLA S.A. for its information. Likewise, the Company's Board of Directors shall be made aware of the proposals to appoint and remove directors with respect to companies in which the Company holds an indirect stake.
  - j. Deciding upon proposals submitted to it by the Executive Committee or Chief Executive Officer, if such office is in existence, or such Board committees as the Board may have decided to set up.
  - k. Executing the sole shareholder's decisions in the exercise of the General Shareholders Meeting's powers.
  - l. Defining the structure of general powers of the Company to be approved by the Board of Directors itself or by the representative management decision-making bodies.
  - m. Approving or proposing the approval to the sole shareholder, as appropriate, of Related-Party Transactions (as defined in these *By-Laws*), the approval of which has not been delegated on the basis of the provisions of section 8 of article 36 below, as well as, if applicable, decide on the authorisation or waiver of the obligations arising from the duty of loyalty, all under the terms established by law and in the Governance and Sustainability System, without prejudice, if applicable, to the powers of the Board of Directors of IBERDROLA, S. A. in this regard, as the holding company of the Group.
  - n. Approve the standards that must be met for transactions carried out between the Company and its subsidiaries and all other companies within the Iberdrola Group, to protect the corporate interest.
  - o. Approving the disposition of the Company's substantial assets and, in general, all kinds of investments or transactions which are strategic in nature to the Company due to the large amount or special characteristics thereof (and whose approval, as provided for under law and in these *By-laws*, does not correspond to the sole shareholder in exercise of the powers of the General Shareholders' Meeting), including industrial, commercial or financial transactions which are particularly significant or risky to the Company, establishing, if applicable, the Company's position with respect to its "controlled companies" within the meaning of Article 42 of the Spanish Commercial Code regarding the aforementioned matters and transactions.
- The foregoing shall be understood notwithstanding the powers of the Board of Directors to require, for the decisions referred to in the paragraph above, the authorisation of the sole shareholder in exercise of the powers of the General Shareholders Meeting.
- p. Taking note of mergers, spin-offs, concentrations or global assignment of assets and liabilities affecting any of the companies directly dependent on the Company.
  - q. Approval, creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
  - r. Supervising the effective operation of advisory committees as it may have established and the actions of such delegated bodies and managers as it may have designated.
  - s. Agreeing on the appointment of the members of the Compliance Unit, at its own initiative or at the proposal of the Compliance Unit, taking into account the profiles that, based on the development of the Company's activities, may be suitable for the performance of its duties.
  - t. Approve and amend the Regulations of the Compliance Unit
  - u. Identify the main risks to the Company and organise suitable internal control and information systems as well as to carry out regular monitoring of said systems, bearing in mind the Iberdrola Group's general risk policy.
  - v. Making decisions regarding any other matter within its authority that, at the discretion of the Board of Directors, is deemed to be in the interests of the Company.



- w. Receive information from the Compliance Unit in relation to any relevant issues regarding regulatory compliance and the prevention and correction of irregular actions and unlawful acts or acts contrary to the law or the Governance and Sustainability System.
  - x. To receive information from the Compliance Unit concerning any matters relating to the efficiency of the Company's compliance system. In any event, the Board must issue its opinion on the Unit's annual report assessing the effectiveness of the Company's Compliance System, as well as on the annual report on the effectiveness of the Compliance Systems of its subsidiaries.
  - y. Review, through the Compliance Division, the Company's internal policies and procedures to prevent misconduct and identify possible policies or procedures that may be more effective in promoting the highest ethical standards.
  - z. Reviewing and approving the annual operating budget of the Compliance Division and ensure that the Compliance Division has the material and human resources needed to carry out its tasks, ensuring its independence and effectiveness.
  - aa. Approving the annual plan of activities of the Compliance Unit, as well as issue an annual opinion on compliance and the performance of the Compliance Unit.
4. Without prejudice to the non-delegable powers referred to in sections 2 and 3 above, the Board of Directors shall entrust the ordinary guidance and management of the Company to the managing director or CEO, if there is one, and to the members of the Board, and it shall promote and supervise the running of the Company, paying particular attention to complying with the guidelines and objectives established by the Board of Directors.
5. Powers reserved by law or by 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 a decision of the single member in the exercise of the powers of the General Shareholders' Meeting, subject to any applicable rules laid down by law or the *By-Laws*, and at least one of them must have the status of independent Director pursuant to the provisions of article 20 of these *By-Laws*.
2. The single member, in the exercise of the powers of the General Shareholders' Meeting, shall be responsible for determining the actual number of Directors within the minimum and maximum limits stated in the previous section. Notwithstanding the foregoing, the Board of Directors shall propose to the single shareholder the number of directors, which, in accordance with the circumstances affecting the Company and considering the minimum and maximum numbers stated above, is most appropriate to enable the body to operate effectively.

#### Article 20. Classes of directors

1. Directors shall be classified according to the following categories:
  - a. Executive directors: those who perform management functions, no matter the legal bond within the Company.
  - b. Proprietary directors: those who represent the sole shareholder and are not executive directors.
  - c. External directors: those who do not perform management duties in the company and do not represent the sole shareholder.
2. In the appointment by the sole shareholder, in exercise of the powers of the General Shareholders' Meeting, of external directors, the latter shall assess, in view of the personal and professional qualifications of the candidate, whether they can perform their duties without being conditioned by relations with the Company, with any other company of the Group or with the directors, significant shareholders or members of the management thereof.
3. The classification of Directors shall not affect the independence with which they must perform the functions pertaining to their office, and therefore their duties of diligence, fair dealing, and loyalty regarding the Company.
4. The Company will provide new members of the Board of Directors with a *Welcome Programme*, which will aim to facilitate their active participation from the outset, and will develop a regular training plan to ensure that their knowledge is kept up to date.

#### Article 21. Chairman and Vice Chairman

1. The Board of Directors shall elect a Chairman from among its members who shall exercise the powers corresponding to him in accordance with the law, with the Company's Governance and Sustainability System and, in particular, with the following:
  - a. Calling and chairing the meetings of the Board of Directors, establishing the agenda of the meetings and directing the discussions and deliberations.
  - b. Presenting to the Board of Directors, such proposals as he may deem appropriate for the smooth running of the Company and, in particular, those corresponding to the functioning of the Board of Directors.
  - c. Ensuring, with the collaboration of the Secretary of the Board of Directors, that the directors receive sufficient advance notice of the points contained in the agenda.

- d. Encouraging debate and active participation of the directors during the meetings, safeguarding their freedom to take the floor.
  - e. Promoting the work of the advisory committees of the Board of Directors and ensuring that the directors perform their functions and duties efficiently and that they are provided with the material and human resources they require.
  - f. Invite to Board of Directors meetings all those who can contribute to improving the information held by its members when it comes to deliberating particular issues.
2. Should it so decide, the Board of Directors shall, at the request of the Chairman, choose from among its members a Vice-chairman. If the Board of Directors has elected a Vice-Chairman, he/she will temporarily replace the Chairman of the Board of Directors in the event of absence, sickness leave or disability. If there is no Vice-Chairman, the Chairman shall be replaced by the longest-serving member, and should there be a tie as to seniority, by the eldest.
  3. The chairman, and, as appropriate, the vice chairman, if re-elected as members of the Board of Directors by a decision of the single shareholder in the exercise of the powers of the General Shareholders' Meeting, shall continue to hold the offices they performed previously on the Board of Directors without a new election being necessary, and notwithstanding the power to revoke which belongs to the Board of Directors with regard to said offices.

## Article 22. Chief Executive Officer

1. The Board of Directors, at the proposal of the Chairman, and with the vote of two thirds of the Directors, may appoint, from among the directors, a chief executive officer, with such powers as it deems appropriate and which may be delegated in accordance with the law and these *By-Laws*.
2. The office of chief executive officer may also be held by the chairman of the Board of Directors.
3. Where appropriate, the Chief Executive Officer shall be responsible for the day-to-day running and management of the Company under the supervision of the Board of Directors and, in particular, for:
  - a. Propose to the Board of Directors short- and long-term strategic objectives, action programmes to develop the businesses and the budget for the resources needed to meet them, while also submitting the proposed distribution of income to the Board.
  - b. Performing the duties of the day-to-day running and the effective management of the businesses in accordance with the strategic objectives, programmes and budgets approved by the Board of Directors, strictly compliance with the regulations on the separation of regulated activities.
  - c. Performing the duties of planning and implementing the Company's management, taking into consideration the recommendations made by global and local business committees and supporting corporate functions at group level in order to generate and leverage synergies to maximise the joint value of the businesses, and, in particular, driving the innovation and digital transformation strategy, without prejudice to strict compliance with the regulations governing the separation of regulated activities.

## Article 23. Secretary and Vice-Secretary

1. The Board of Directors, at the request of the Chairman, shall appoint a Secretary, who may or may not be a director, and shall perform the functions assigned to him or her by law and the Company's Governance and Sustainability System and, in particular, the following:
  - a. Keep a book with the decisions of the sole shareholder in exercise of the powers of the General Meeting of Shareholders, while also overseeing the conservation and safekeeping of said book. Notwithstanding the foregoing, the Secretary will forward certificate of the minutes of the single member's resolution to the secretary of the Board of Directors.

In addition, the Secretary will report to the Board of Directors on the resolutions adopted by the Company as single member in the exercise of the powers of the General Shareholders' Meeting in the companies in which it has the status of sole shareholder.
  - b. Keeping the logbook of contracts concluded between the sole shareholder and the Company, also ensuring the preservation and safeguarding of said book.
  - c. Keep the book of the minutes of the Board of Directors and other governing bodies for which he or she acts as secretary, duly reflecting in them the course of the sessions, also ensuring the conservation and safekeeping of said books and of the corporate documentation generated in relation to the operation of said administrative bodies.
  - d. Keep the books referred to in sections a), b) and c) above under the terms and conditions and during the times required by the Board of Directors and, in any case, as provided by law. Once they resign in their position, they should transfer to the incoming secretary all the corporate documentation they have and keep in custody under the terms and conditions and during the times above.



- e. Ensuring the formal and material legality of the actions of the Board of Directors and all other governing bodies in which they might hold the position of secretary, as well as the conformity of such actions to the law and the Company's Governance and Sustainability System, while taking into account such provisions as might be imposed by the regulatory bodies.
  - f. Advising the Board of Directors with respect to the development and updating of the Company's Governance and Sustainability System pursuant to the provisions of these *By-Laws*.
  - g. Generally act as a conduit for Company relations with the members of the Board of Directors as regards the workings of the Board, in accordance with the instructions of its chairperson.
  - h. Assist the chairperson of the Board of Directors in ensuring that Directors receive important information sufficiently in advance and in an appropriate format to carry out their duties, while also channelling request for information and documentation from directors regarding those matters of which the Board of Directors must have knowledge.
  - i. Exercise the functions envisaged in paragraphs e) and f) above with respect to commissions or committees of the Board of Directors for which he or she acts as secretary.
  - j. Having the information that has to be incorporated into the Company's corporate website in accordance with the Governance and Sustainability System.
  - k. Ensuring, under the supervision of the Chairman of the Board of Directors, that the coordination between the Board and the internal committees with advisory and support functions is effective, in particular with respect to the establishment of the necessary flows of information.
2. The Secretary must state and leave a record of his or her opposition to those agreements that contravene the law, the Company's Governance and Sustainability System or its corporate interests.
  3. The Board of Directors, should it so decide and at the Chairman's request, may designate a Vice-secretary, who may or may not be a director, and who would sit in for the Secretary in the event of non-availability, absence, illness or inability to attend. In the absence of a secretary and vice-secretary, the director appointed by the Board of Directors from those present at a particular meeting shall act as such.
  4. Likewise, the Board of Directors shall appoint a Legal Advisor to the management body of the Company where required in accordance with current legislation. The Secretary, or where appropriate, the Deputy Secretary, may act as Legal Advisor if he or she is a practising lawyer and fulfils all the other requirements laid down by current legislation, and it is thus decided by the Board of Directors.
  5. The secretary and, as appropriate, the deputy-secretary of the Board of Directors, if re-elected as members of the Board of Directors by a decision of the sole shareholder in the exercise of the powers of the General Shareholders' Meeting, shall continue to hold the offices they performed previously on the Board of Directors without a new election being necessary, and without prejudice to the power to revoke which belongs to the Board of Directors with regard to said positions.

#### Article 24. Meetings of the Board of Directors

1. The Board of Directors shall meet as often as deemed necessary by the Chairman of the Board and, at least, once a quarter. The schedule of ordinary meetings will be set by the Board of Directors before the beginning of each financial year and may be amended through a decision by the Board itself or by its Chairman. 2.
2. Overall, the meetings shall be held in person at the location indicated in the notice of meeting.
3. When, on an exceptional basis, the Chairman of the Board of Directors so decides, the meeting may be called to be held in several connected locations or remotely, namely via the use of long-distance communication systems that enable those in attendance to be recognised and identified, a permanent communication between them and the implementation of the voting process, all in real time. The meeting shall be understood as being held at the registered address with, where applicable, the procedures ensuring that the connections are made with a full guarantee of being able to identify those in attendance, the duty of secrecy and the protection of corporate interests in preserving access to the information transmitted and generated in the meeting, in the deliberations that take place therein and compliance with the resolutions passed, the directors having to adjust to the security and privacy protocols adopted by the Company. The members of the Committee in attendance at any of such interconnected places shall be deemed to have attended the same single meeting of the Committee for all purposes.
4. Notice of meetings of the Board of Directors shall be given by e-mail or by any other means that allows this to be recorded. The notice shall be given sufficiently in advance so that the directors receive it no later than the third day prior to the date of the meeting, except in the case of meetings which, due to the content of the matters to be discussed, must be called urgently. The notice shall always include the Agenda of the meeting, except for just cause, and shall be accompanied, as appropriate, by the information judged necessary.
5. The notice of meeting and the information deemed necessary, as well as any other communication, shall be sent or made available to the board members using the new technologies and, in particular, via the website, which is seen as being a basic



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tool in helping the smooth running of the Board's functions. The meetings of the Board of Directors may be called off, suspended or their date, agenda or location modified using the same procedure. Failing that, the e-mail address that the director provides to the Company at the time of accepting their position shall be sent to the Company, and must notify the Company of any change in this regard, , without prejudice to the mandatory limitations regarding the use of the systems by directors, computer and telematic elements and applications made available to them by the Company.

6. Notwithstanding the foregoing, the Board of Directors shall be understood to be properly constituted without need for prior notice if all members are present in person or by proxy and agree unanimously to hold a meeting with all shareholders present or represented and accept the items on the agenda.
7. Exceptionally, the Chairman of the Board of Directors, in view of the concurrent circumstances in each case, may authorise attendance at the meeting of one or more directors through the use of remote connection systems that allow their recognition and identification, permanent communication with the venue of the meeting and their intervention and casting of votes, all in real time, adopting, where appropriate, the procedures referred to in section 3 above. It will be considered for all purposes that directors remotely connected are attending the Board of Directors' meeting.
8. The chairman may invite to Board of Directors' meetings all those who can contribute to improving the information held by members avoiding their presence when it comes to the decision-making part of the meeting. Whenever he deems it to be appropriate, the Chairman may authorise said persons to attend the meeting remotely, with this participation being based on that established in section 7 above. The secretary shall record the entrances and exits of guests at each meeting.

### Article 25. Constitution and majority for adopting resolutions

1. The Board of Directors shall be properly constituted when the majority of the Directors are in attendance, whether in person or by proxy.
2. All Directors may cast their vote and confer a proxy to another Director. Any proxies shall be conferred individually for each separate meeting of the Board of Directors. Proxy notices may be given by any means allowing for the receipt thereof.
3. Resolutions shall be adopted by an absolute majority of the directors present at the meeting, present or represented, unless other majorities are provided by law or the Governance and Sustainability System. In the event of a tie, the chairman of the Board of directors shall have the tie-breaking vote.
4. If no member opposes it, votes of the Board may be cast in writing and without holding a meeting. In such a case, the directors may send their votes and the opinions which they wish to have entered in the minutes to the Secretary of the Board of Directors, or to his substitute, by any means allowing for the receipt thereof, notwithstanding security and privacy protocols set by the Company. The resolutions adopted by this procedure shall be put on record in the minutes in compliance with the law.

### Article 26. Formalisation of resolutions

The deliberations and resolutions of the Board of Directors shall be included in the minutes, and such minutes shall be signed by the Chairman and the Secretary or by the person(s) acting in their position and shall be adopted at the end of the meeting or in the next board meeting. In the latter case, any part 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 Board meeting or has been read before the meeting is adjourned.

## Section 3. Of the committees on the Board of Directors

### Article 27. Board of Directors Committees

1. The Board of Directors may also set up other committees or internal committees with consultative or advisory functions or for compiling reports or drafting proposals, as determined by the Board of Directors itself.
2. Committees shall be governed supplementary, insofar as they are not incompatible with their nature, by the provisions of these *By-Laws* relating to the operation and adoption of resolutions by the Board of Directors.

Any Company director, manager or professional may be required to attend committee meetings at the request of their respective chairman, who may also authorize the attendance of guests who can provide its members with better information for the exercise of their functions.

### Article 28. Internal Audit and risk Division and Compliance Unit

1. The Company shall have an Internal Audit and Risk Division, which shall be an independent internal division whose main activity is to independently and proactively ensure the effectiveness of the governance processes, risk management and internal controls of the Company and its subsidiaries, and whose head shall be appointed by the Board of Directors.
2. The Company shall have a Compliance Unit, a permanent collegiate body set, up in accordance with the highest standards of independence and transparency, linked to the Board of Directors, whose members shall be appointed by the Board in accordance with the *Compliance Unit Regulations*.

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3. The Internal Audit and Risk Department and the Company's Compliance Unit shall perform their duties with full autonomy, without prejudice to the establishment of an appropriate framework for information and collaboration on the performance of their duties with the Internal Audit and Risk Department and the Compliance Unit of Iberdrola España, S.A.U., which, where appropriate, shall channel the corresponding information and collaboration relations of the aforementioned bodies with their counterparts at IBERDROLA, S.A.

## Section 4. The By-Laws of the Director

### Article 29. General duties of the Directors

1. Directors must discharge and observe the duties of their office and those prescribed by law and the Company's Governance and Sustainability System with the diligence of a prudent business executive in keeping with the nature of the office and duties attributed to each one.

Furthermore, directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interests of the company, subordinating their own interests to those of the Company.

2. In particular, they shall undertake to:
  - a. Properly prepare the meetings of the Board and, if applicable, the meetings of the Executive Committee or of the Committees of which the director is a member, for which purposes the Director must diligently obtain all relevant information regarding the running of the Company and the matters to be discussed at such meetings.
  - b. Attend meetings of the Board and of the Committees of which he is a member, and actively take part in deliberations so that his judgement effectively contributes to decision-making. If, on justified grounds, he is unable to attend a session to which he has been summoned, he must give instructions to the Director who is to represent him.
  - c. Perform any specific task commended to him by the Board, the Chairman or Chief Executive Officer (if such office is in existence), provided that such task reasonably falls within the scope of the Director's area of specialisation.
  - d. Inquire into and give notice to the Board 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 that an extraordinary Board meeting be called or further items be added to the agenda of the following meeting to be held so that such matters as the Director deems appropriate may be discussed.
  - f. Oppose resolutions that are contrary to the law, to the Company's Governance and Sustainability System or to its corporate interests, demand that his or her dissent be noted in the minutes, and seek the invalidation of any such resolution.
3. The secretary, even when he or she does not hold the position of director and, if such office is in existence, the vice-secretary of the Board of Directors shall be bound by those duties binding Directors that, by their very nature, apply likewise to the Secretary/ Deputy Secretary.

### Article 30. Director's duty of confidentiality

1. A Director shall keep the information contained in the deliberations of the Board of Directors and of any Committee of which he or she is a member in confidence, and, in general, shall ensure the preservation of the confidentiality thereof, shall abstain from disclosing any information, data, report or background particulars to which he or she may gain access in the exercise of his or her office, and from using any such information for his or her own or any third party's benefit, without prejudice to such duties of transparency and disclosure as applicable law may impose.
2. Furthermore, the director must respect the limitations established for the use of the computerised and telematic systems, applications and devices made available to him or her by the Company.
3. A director's duty of confidentiality shall survive even after his/her departure from office, save in cases permitted or required by law.
4. The aforementioned obligation of confidentiality shall not prevent the normal flows of information between the Company and Iberdrola España to facilitate the strategic coordination functions of the same with respect to the energy business in Spain without prejudice to the obligations arising from specific applicable regulations and, in particular, the protection of commercially sensitive information, always within legal bounds and without undermining the independence of the Company and its subsidiaries.
5. The directors that resign in their position must return all the corporate documentation they may have had access to in the exercise of their position, including information stored in any kind of means or device, whether corporate or personal, and must expressly confirm, at the request of the Company, that they have complied with this obligation.



### Article 31. Obligation not to compete

1. A Director may not be a Director or executive of nor provide services to another company having a corporate purpose wholly or partly similar to that of the Company or operating as a competitor of the Company. The foregoing shall not apply to functions and offices held: (i) at Group companies, (ii) at companies where the director acts in representation of the Group's interests,; (iii) at investees of any Group company where the director does not act in representation of the Group's interests, unless the Board of Directors takes the view that corporate interests would be put at risk, and; (iv) in other circumstances in which the sole shareholder, in exercising the powers of the General Shareholders Meeting, when thus required by law, or the Board of Directors in all other cases, releases him from the above restriction on the view that corporate interests are not thus put at risk or damage to the Company is unlikely, or it is expected that said director will be compensated by the benefits expected to be obtained from doing so.
2. Non-executive directors whose term expires or who for any other reason cease to hold office may not be a Director or executive of nor provide services to another entity having a corporate purpose wholly or partly similar to that of the Company or operating as a competitor of the Company for a period of two (2) years, unless such entity is a member of the Group. The no-competition obligation on executive directors is that specified in their respective contracts. The Board of Directors may, if deemed fit, release an outgoing Director from this obligation or shorten its term of effect.

### Article 32. Conflicts of interest

1. Directors must adopt the necessary measures to prevent creating conflicts of interest as established by the law.
2. It will be deemed there is conflict of interest in those situations provided by law and, in particular, when the interests of the director, whether on their own behalf or on behalf of others, collide, directly or indirectly, with the interests of the Company or the Companies within the Group and their duties towards the Company.

It will be deemed there is conflict for directors when the matter affects them or a person linked to them directly.

3. Without prejudice to the provisions of paragraph 1 above, conflict of interest situations will be governed by the following rules:

- a. Communication: when the director becomes aware of being involved in a conflict of interest, the director must report it in writing to the Board of Directors through its secretary as soon as possible.

This communication must contain a description of the situation that has given rise to the conflict of interest, indicating whether it is a direct one or an indirect one through a related person, in which case the latter party must be identified.

The description of the situation must specify, as appropriate, the purpose and the main terms and conditions of the transaction or the projected decision, including the amount involved or an approximate financial estimate.

Any doubt as to whether or not a director could be in a conflict of interest situation must be reported to the secretary of the Board of Directors. In such a case, the director must refrain from taking any action until the doubt is resolved.

- b. Abstention: if the conflict of interest situation arises from some transaction or circumstance that requires some type of operation, report, decision or acceptance, the director must abstain or refrain from taking any action until the Board of Directors studies the case, adopts a decision and informs the director of the same, without prejudice to the exceptions provided by law.

In this regard, the director must leave the meeting during deliberation and voting on those matters in which the director is involved in a conflict of interest, and that director will not be counted in the number of members in attendance with respect to the calculation of the quorum and the majorities needed to adopt agreements.

The secretary will remind the directors at all Board of Directors and board committees' meetings of the reporting and abstention rule set forth in this article before proceeding with the meeting agenda.

- c. Transparency: whenever so required by law, the Company must report on any conflict of interest situation directors may find themselves in during the financial year and that this has been put on record via communication by the party involved or by some other means.

4. The secretary to the Board of Directors will draw up a record of the conflicts of interest reported by directors. This record must be constantly updated. The information contained in this record will be sufficiently detailed to make it possible to understand the scope of each conflict of interest situation.

### Article 33. Use of company assets

1. A director may not make use of the assets of the Company or use their position in the Company to obtain a pecuniary advantage, unless they have paid a market consideration and it is a standardised service.
2. As an exception, a Director may be released from the obligation to give consideration, but in that event the economic advantage shall be treated as remuneration in kind and must be authorised by the Board of Directors.



### Article 34. Non-public information

A Director may use the Company's non-public information for private purposes only if the following conditions are fulfilled:

- a. The information is not to be applied in connection with transactions for the acquisition or sale of securities or financial instruments issued by an entity to which the information makes direct or indirect reference.
- b. The Director does not thus gain an advantage with respect to third parties, including suppliers and customers.
- c. Use of the information causes no detriment to the Company.
- d. The Company does not hold rights of exclusivity or stand in some similar legal position with respect to the information that the Director desires to use.

### Article 35. Business Opportunities

1. A Director may not, for their own or any related party's benefit, exploit any of the Company's business opportunities, unless such investment or transaction was previously offered to the Company and the Company declined to exploit it for reasons uninfluenced by the Director, and the Director's making use of the transaction is authorised by the Board of Directors.
2. For the purposes of the foregoing paragraph, a "business opportunity" means any possibility of making an investment or entering into a business transaction that arises or is discovered in connection with the Director's performance of their office or by the use of the Company's resources and information or under such circumstances as make it reasonable to assume that the third party's offer was in fact aimed at the Company.
3. Likewise, a Director shall abstain from using the Company's name or relying on his status as a Director of the Company for the purpose of entering into transactions on his own or any related party's behalf.

### Article 36. Related. Party Transactions

1. Transactions carried out by the Company or its subsidiaries with its 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, shall be considered "Related-Party Transactions".
2. For the purposes of these *By-Laws*, 'Related Parties' to directors and Members of Senior Management shall be understood to be the following:
  - a. The spouse of the director and of the Members of Senior Management or persons with an similar relationship of affectivity.
  - b. Ascendants, descendants and siblings of directors and members of Senior Management or their spouses.
  - c. The spouses of the director's ascendants, descendants and siblings and those of the senior management.
  - d. The companies or entities in which the director or senior management members hold a direct or indirect stake, even through an intermediary, that grants him or her a significant influence or in which the director has a seat on the board of directors or senior executive post either in them or in their parent company. For these purposes, significant influence is presumed to be conferred by any holding equal to or greater than 10 % of the share capital or voting rights or by virtue of which it has been possible to obtain, in law or in fact, representation on the company's governing body
  - e. The shareholders represented by the director on the Board of Directors.
3. As an exception to the provisions of paragraph 1, they shall not be considered as a Related Party Transaction: (i) transactions carried out by the Company with its sole shareholder or its wholly owned subsidiaries; (ii) transactions carried out by the Company with its subsidiaries or affiliates unless any of its directors and members of Senior Management or their respective Related Parties is, in turn, a significant shareholder in the subsidiary or affiliate; (iii) transactions made on standard terms for customers and of little relevance, understood as those whose information is not necessary to give a true and fair view of the net worth, 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 functions, including the chief executive officer and the Members of Senior Management, as well as the determination by the Board of the specific amounts or remuneration to be paid under such contracts.
4. Related party transactions must necessarily be approved by the sole shareholder, in fiscal year of the powers of the General Shareholders' Meeting, in the cases established by law and, in particular, when referring to a transaction whose value exceeds ten per cent of the corporate assets.
5. In other situations where the law does not require authorisation from the sole shareholder in exercise of the powers of the General Shareholders' Meeting, Related Party Transactions will be submitted for approval to the Board of Directors.
6. The Board of Directors shall observe that related party transactions are fair and reasonable from the Company's perspective.

7. 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 permitted by law and, in particular, those entered into by the Company with other controlled companies belonging to the Group subject to conflicts of interest, provided that they are transactions entered into in the ordinary course of business, including those resulting from the execution of a framework agreement or contract, and concluded under market conditions.

The Board of Directors shall establish in relation to these transactions an internal reporting and periodic control procedure which shall verify the fairness and transparency of such transactions and, where appropriate, compliance with the applicable criteria to allow for delegation.

8. The conducting of a related party transaction places the director who carries it out, or who is related to the person that carries it out, in a conflict of interest situation, thus the provisions of Article 32 above apply.
9. Directors must inform in writing in the first quarter of every year of those related party transactions that they have carried out, or persons tied to the Company who are related to them have carried out, during the previous year by notifications addressed to the secretary of the Board of Directors. Members of Senior Management shall do likewise through the Compliance Director, who shall forward the information received to the Secretary of the Board of Directors.

Notwithstanding the foregoing, the directors must immediately report in writing any related transaction in which they are involved or anyone related to them is involved that requires approval by the Board of Directors in accordance with the provisions of these By-laws or the law.

The reporting of related party transactions must contain the following information: (i) purpose and nature of the transaction; (ii) date of the transaction; (iii) main conditions, including the value or the amount of the compensation and the payment conditions and terms; (iv) identity of the persons involved in the transaction and relationship, if applicable, with the director; and (v) other aspects, such as pricing policies, guarantees, as well as any other aspect of the transaction that allows for their proper valuation, including, in particular, information that makes it possible to verify that it is fair and reasonable from the Company's point of view.

10. The Secretary of the Board of Directors shall draw up a register of Related-Party Transactions, , except for those relating to Related-Party Transactions of Members of Senior Management, which shall be drawn up by the Compliance Director.
11. Every year the Board of Directors will inform the sole shareholder about related party transactions through the person of its secretary.

### Article 37. Director's duty of information

1. A Director shall disclose, through the Secretary, to the Company any proprietary interest they may have in the capital of any company having the same, a similar or a complementary type of business to that constituting the corporate purpose of the Company, any position or function they may perform at such company, and their pursuit on their own or another's behalf of any manner of activity that is complementary to that constituting the corporate purpose of the Company. Such information shall be included in the notes to the annual financial statements in accordance with legal requirements.
2. The director shall also report to the Company:
  - a. Of all positions held and activities performed in other companies or entities, except those belonging to the Group, as well as of their other professional obligations. In particular, a director should inform the Board of Directors before accepting any directorship or being a member of management in another company or entity (with the exception of positions they are called upon to hold in companies belonging to the Group or in other companies in which they act on behalf of the interests of the Group).
  - b. Any material change in his professional situation that might impinge on the character or status by virtue of which he was appointed a Director.
  - c. Judicial, administrative or any other type of proceedings brought against the director which, due to their importance or characteristics, could seriously affect the reputation of the company. In particular, all directors must inform the Company, through its chairman, in the event that they are summoned as a person under investigation, are indicted, or are tried or tried for any of the offences set forth in article 213 of the revised text of the Capital Companies Law. In this case, the Board of Directors shall examine this circumstance as soon as possible and shall take the measures it deems most appropriate in the interests of the Company, such as opening an internal investigation, requesting the resignation of the director or proposing their removal.
  - d. In general, any circumstance or situation that may be relevant to his performance as a Director of the Company.

### Article 38. Term of service, resignation and, removal

1. Directors shall hold office for a term of four years, as long as the single member, in the exercise of the powers of the General Shareholders' Meeting, does not decide to remove or dismiss them and they do not resign from office. In particular, Directors must leave their position and formally resign if they are in any of the situations of conflict of interests or disqualification from performance of the office of Director envisaged by law.

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2. Directors may be re-elected one or more times for subsequent periods of four (4) years.

### Article 39. Director's remuneration

1. The sole shareholder, in exercise of the powers of the General Shareholders' Meeting, shall assign a fixed remuneration to the external directors for membership of the Board of Directors and, where appropriate, its committees, and may vary the amount of such remuneration on the basis of the functions or positions attributed to them.
2. The said sums set by the sole shareholder in the exercise of the powers of the General Shareholders' Meeting shall remain in force for as long as they are not superseded by a new decision by the sole shareholder.
3. Executive Directors, will only be remunerated for their executive functions in accordance with the following paragraph.
4. The remuneration of the directors who perform executive functions and in relation to said functions shall be set by the Board of Directors in the terms provided by law, within the limit established by the sole shareholder in the exercise of the powers of the General Meeting of Shareholders, which shall remain in force as long as the sole shareholder does not approve its modification. Said compensation will include a fixed allowance, a variable remuneration that will depend on the fulfilment of pre-established targets by the Board of Directors, compensation for termination and the savings or retirement schemes that the Board of Directors considers appropriate.
5. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties and compensations to which the Director may be entitled by reason of other employment or professional relationships, if any, that such Director may have with the Company.
6. The remuneration shall include the premiums corresponding to liability, legal defence and life insurance taken out by the Company for the benefit of directors in connection with the performance of the duties inherent to the office of director.

### 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, notwithstanding limitations set in the regulations for 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, acting on behalf of the Chairman.

### Article 41. Expert advice

1. For the purpose of procuring assistance for the exercise of his duties, any Director may request the engagement, at the Company's expense, of legal, accounting, technical, business or financial advisers or other experts.
2. Such engagement must relate to specific issues having appreciable importance and complexity and emerging in the course of the Director's performance of his office.
3. The request for an expert to be hired must be channelled through the Secretary on behalf of the Chairman of the Board of Directors, 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 company financial year shall commence on 1 January of each year and end on 31 December.

### Chapter II Financial information

#### Article 43. Preparation

1. The Annual Financial Statements and the Management Report shall be drawn up in accordance with the structure, principles and instructions provided by current law.

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2. The Board of Directors shall, within the first three months of the year, draw up the annual financial statements, the management report and the proposal for the application of the earning, in accordance with current legislation and the Governance and Sustainability System.
3. The annual accounts and the management report must be signed by all directors. Any documents from which one of their signatures is missing shall state this fact, along with an express indication of the reason.

#### Article 44. . Verification

1. The Financial Statements and Management Report must be reviewed by Account Auditors.
2. The auditors shall be appointed by the single member ,in the exercise of the powers of the General Shareholders' Meeting before the end of the year to be audited, for an initial specified period no shorter than three years and no longer than nine, to be counted from the first day of the first year to be audited, and may be re-elected by the single member in the exercise of the powers of the General Shareholders' Meeting after the end of the initial period on, the terms provided for by law.
3. The auditors shall draw up a detailed report on the results of their activity, in accordance with the legislation on auditing of accounts.

#### Article 45. Approval

The Company's financial statements shall be submitted to the sole shareholder for approval, in the exercise of the powers of the General Shareholders Meeting, and the sole shareholder shall likewise decide upon the distribution of profits for the year in accordance with the approved balance sheet.

#### Article 46. Distribution of profit

1. Once the allocations required by law or these By-laws *have* been , covered, dividends against the year's earnings or unrestricted reserves may be distributed only if the book value of net equity is not, or would not become as a result of the distribution, less than share capital.
2. Should the sole shareholder, in the exercise of the powers of the General Shareholders Meeting, decide to distribute dividends, the sole shareholder shall determine the timing and the method of payment. The determination of these matters and of any others that may be necessary or appropriate for the decision to be effective may be delegated to the management body.
3. The sole shareholder may resolve that the dividend be paid wholly or partly in kind.

### Chapter III Financial information

#### Article 47. Preparation and verification

1. The Board of Directors shall prepare the non-financial information statement within the time period and in accordance with the provisions of current legislation and the Governance and Sustainability System, providing a clear and trustworthy account of the performance of the Company and of the companies in which it holds stakes with regard to the social, environmental and sustainability fields in which it and they operate, as well as of the social dividend generated and shared with their Stakeholders.
2. The non-financial report shall be reviewed by an external auditor, appointed by the Board of Directors.
3. The provider of said service must meet the professional and independence requirements demanded by current legislation and those established in the Governance and Sustainability System.
4. The Company will not have to prepare the non-financial information statement if it and the companies in which it holds a stake are included in the consolidated non-financial information prepared by their sole shareholder.

#### Article 48 Approval

In the event that it is drawn up, the Company's non-financial report shall be submitted to the sole shareholder for approval.

### TITLE V. DISSOLUTION AND LIQUIDATION

#### Article 49. Dissolution

The Company shall be dissolved in any of the events stipulated in applicable law, which must be confirmed and assessed in accordance with the provisions of the Governance and Sustainability System, which shall complement the provisions of current legislation on this point.

#### Article 50. Liquidation:

1. During the liquidation period and until its extinction, the Company shall be governed by the applicable legal provisions and by the Governance and Sustainability System.



2. From the moment the Company is declared in liquidation, the Board of Directors shall cease its activities, with the directors becoming liquidators of the Company unless the sole shareholder decides otherwise in adopting the dissolution resolution in exercise of the powers of the General Shareholders' Meeting and the liquidators shall constitute a collegial body whose number shall be odd. To this end, if necessary, the shortest-serving Director shall resign their office in case, of equal seniority, the youngest.
3. During the liquidation period, the single member shall be informed of the progress of the liquidation procedure so that, in the exercise of the powers of the General Shareholders' Meeting, it may adopt such decisions as are deemed fit.
4. Within the scope of their respective powers, the corporate bodies will make the agreements and adopt the appropriate decisions to complete the liquidation, pursuing corporate interest, observing and respecting the Purpose and values of the Iberdrola Group *and its Code of Ethics*, as well as the legitimate rights of all its Stakeholders.