

18 July 2023

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

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PREAMBLE

This Preamble establishes the principles that will serve as the basis for interpreting, implementing and developing these *By-Laws* of Iberdrola Energía España, S.A.U., extending as a result the usual content of these corporate rules.

The Company is part of an international industrial group of which IBERDROLA, S.A. is the listed parent holding company (the “Group”), and whose decentralised decision-making corporate structure, inspired by the principle of “subsidiarity”, with robust coordination mechanisms, ensures the global integration of all the businesses of the Group, in accordance with a Business Model geared towards leveraging the collective value of the businesses that make up the Group in the interest of all of the companies of which it is comprised, maintaining a system of checks and balances and a clear separation of functions and responsibilities

Based on this, the Company is set up as the head of business company of the retail business both in Spain and abroad. Accordingly, as per requisite company independence, the day-to-day running and effective management of the business that constitutes its corporate purpose and the consequent responsibility for its day-to-day control correspond to the Company, without prejudice to the organising, supervising and strategic coordinating function attributed to Iberdrola España, S.A.U. as the Group’s subholding company in Spain, observing at all times the separation of regulated activities.

This Preamble also seeks to expressly state the Company’s commitment to the *Purpose (to continue building, collaboratively and on a daily basis, a more electrical, healthy and accessible energy model)* and *Values (sustainable energy, capacity for integration and driving force)* of the Group, as well as its *Code of ethics*, which, as the foundation of its corporate ethos and ethical principles, govern the Company’s activity that constitutes its corporate purpose and guide its business strategy and programme.

The Company also shares IBERDROLA’s corporate interest focused on the creation of sustainable value for all its shareholders, taking into consideration and engaging the other Stakeholders related to the corporate activities and the institutional reality of the Group, sharing with them in the social dividend generated by its activities, particularly by means of contribution to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations and the most stringent environmental, social commitment and good governance (ESG) requirements, and which in sum characterise it as a company and an institutional reality, an actor in the economic and social environment in which it carries out its activities

The *By-Laws* compile and observe the Governance and sustainability system, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its *raison d’être* and way of being, the construction of its identity, the achievement and implementation of the *Purpose and Values of the Iberdrola Group*, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the social dividend that it shares with all of its Stakeholders.

Similarly, the *By-Laws* establish a well-developed Compliance system, which, integrated within the overall governance and sustainability system, is intended to prevent and manage the risk of regulatory or ethical violations or violations of the Governance and sustainability system.

To the extent applicable thereto, these *By-Laws*, of which this Preamble forms a part, govern the conduct of the Company’s governance bodies, senior management and other professionals within the Company, who shall have the duty to comply and the right to demand compliance herewith.

TITLE I. GENERAL PROVISIONS

Article 1. Company Name

The company name is Iberdrola Energía España, S.A., sociedad unipersonal (the “**Company**”).

The Company, whose sole shareholder is Iberdrola España, S.A.U. (“Iberdrola España”), shall place its sole shareholder status on record as defined by law.

Article 2. Corporate Purpose

1. The purpose of the Company is:
 - a. Carrying on the business of producing electric energy, through the planning, construction, operation and maintenance of all kinds of generation installations using any primary energy sources.
 - b. Supplying fuel and primary energies or raw materials of any kind, regardless of whether they are for its own facilities or for those of others.
 - c. Carrying out all kinds of activities relating to the commercialisation and sale and purchase of raw materials and energy products in the markets created for that purpose and using the existing contracting methods, both in its own operations and when acting as an intermediary for third parties.



- d. The provision of energy-related services generally, using production installations or any others linked to, or associated with, other industrial establishments.
 - e. Promoting, creating and developing industrial, commercial and services companies, and promoting technological development and innovation in relation to any of the activities comprised in, or relating to, its corporate aim.
 - f. The provision of assistance or support services to companies and firms where Iberdrola has an interest or which belong to its group of companies, with the aim of offering any warranties and guarantees in their favour.
2. The abovementioned activities may be carried out both in Spain and abroad and may be carried out either directly by the Company, fully or partly, or by holding shares or holdings in other companies or entities and in any case according to statutory provisions and specific legislation of the electricity industry, ensuring compliance with the legal provisions on the 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 Law 2/2007 of 15 March.

Article 3. Duration of the Company

The duration of the Company shall be unlimited, with operations commencing on the day of execution of the public deed of incorporation.

Article 4. Registered Office and Branches

1. The company's registered office is in Bilbao, Plaza Euskadi 5.
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 the Iberdrola Group

1. The Company is set up as the head company of the retail business of the Iberdrola Group in Spain, and is wholly owned by the subholding company Iberdrola España, the main share of which is, in turn, held by IBERDROLA, which is the listed parent holding company of the Group.
2. The role of the Company in the decentralised corporate structure of the Group is as the head company of the retail business in Spain and abroad. It is therefore responsible, with the requisite independence, for the day-to-day running and effective management of said business, without prejudice to the strategic coordinating function in relation to the energy businesses assigned to Iberdrola España as the group's subholding company in Spain.
3. The Company, as head of business company of the retail business in Spain and abroad, groups the stake, directly or indirectly, in all subsidiary companies that carry out electrical co-generation activities, developing and exploiting all kinds of electrical energy cogeneration infrastructures, and carrying out wholesale and retail electric energy and natural gas activities both in Spain and abroad, strictly complying with the regulations on the separation of regulated activities in the jurisdictions where it is present.

Article 6. Corporate Interest

The Company, as head of business company of the retail business of the Iberdrola Group in Spain and abroad, shared with IBERDROLA, S.A., conceives of the corporate interest as the common interest of all persons owning shares of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate purpose, taking into account the other Stakeholders related to its business activity and its institutional reality, in accordance with the *Purpose and Values of the Iberdrola Group* and the commitments made in its *Code of ethics*.

Article 7. Social dividend

1. The performance of the activities included in the corporate purpose, particularly the Company's innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the *Purpose and Values of the Iberdrola Group* and with the commitments made in its *Code of ethics*.
2. As the head company of the retail business in Spain and abroad, the Company contributes to the social dividend of the Group, to be understood as the contribution of direct, indirect or induced value that the pursuit of its activities represents for all stakeholders, especially its contribution to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations, and its commitment to the best environmental social and corporate governance practices.

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.

3. The Company's performance in social, environmental and sustainability areas, in addition to the social dividend generated and shared with its stakeholders, constitutes the Company's non-financial information that it will ensure is publicly disseminated among these 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 internal regulation of the Company, 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 partner and, in particular, of the corporate object and the corporate interest and social dividend, as defined in the preceding articles.
3. The Governance and sustainability system comprises these *By-Laws*, other governance and compliance rules approved by Company management bodies and the set of Group standards applicable to the Group that have been approved by the Board of Directors of IBERDROLA in the exercise of its functions as holding company in the definition of the organisational model of the Iberdrola Group, or by the Board of Directors of Iberdrola España in the exercise of its functions as subholding company in the general implementation strategy approved by IBERDROLA, which have been adopted by the Company, incorporating them accordingly 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 environmental and economic field in which the entities that it comprises carry out their activities.
5. It is the responsibility of the sole shareholder and the Board of Directors of the Company, in their respective fields of competence, to develop, apply and interpret the rules that form part of the Company's system of corporate governance in order to ensure the fulfilment of its objectives 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. In addition, the Company has a Governance and sustainability system, consisting of a 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 contributing to the full realisation of the *Purpose and Values of the Iberdrola Group* and the social interest.
8. The application and further development of the Company's Compliance System is the responsibility of the Compliance Unit, an internal permanent collegiate body with the highest standards of independence and transparency that is linked to Board of Directors. It is the body responsible for proactively and autonomously observing 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, as head of business company of the retail business in Spain and abroad, contributes to engaging all Stakeholders related to its activity, in accordance with a policy on relations based on the principles of transparency and active listening, participation, consensus, collaboration and on-going improvement, which allows for continuing to respond to their legitimate interests and to effectively disclose information regarding the activities and businesses of the Group.
2. The Company's corporate website, its presence on social media and, in general, its digital innovation strategy contributes to the Group's digital communication strategy, which seeks, among other aims, to foster the engagement of all its stakeholders, strengthen their sense of belonging and boost the institutional significance of the Iberdrola brand, thereby favouring the development of the Group's businesses and their digital transformation.
3. The Company promotes the accessibility of its corporate website as an expression of its commitment to transparency and communication with the different Stakeholders and society in general, this in turn being the basis for the generation of 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 euros into 1,985,451,816 ordinary shares, each at a par value of €1, numbered from 1 to 1,985,451,816, belonging to a single class and series, which are fully subscribed and paid up.

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- 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 sole shareholder.

Article 12. Transfer of shares

- Company shares may be transferred to any person in accordance with such laws and regulations as may apply.
- When the transfer of shares implies that the Company loses its status as a single shareholder, the necessary amendments must be made to these *By-Laws*.

Article 13. Position of sole shareholder

A share confers the status of shareholder on its legitimate holder and accords said shareholder the rights and obligations recognised by law and by these *By-Laws*, with the special features deriving from the status of sole shareholder.

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**Section one. Sole shareholder's decisions in the exercise of the General Shareholders' Meeting's powers****Article 14. Exercising the duties of the sole shareholder**

- The sole shareholder shall decide on the matters conferred to the General Shareholders' Meeting by law or by these *By-Laws*, and in particular regarding the following:
 - The appointment of directors of such class as may be appropriate, pursuant to article 20 of the Company's *By-laws*, and the removal thereof.
 - Appointment and dismissal of receivers.
 - Approval of the annual accounts, the directors' report, the distribution of profit and corporate management, within the first six months of each year.
 - 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.
 - Payment of interim dividends.
 - Increase and reduction of share capital, delegating, if applicable, on the Board of Directors, within statutory time limits, the power to execute a decision already taken to increase the share capital, or the power to resolve upon an increase in share capital on one or more occasions under the terms provided by law.
 - Issuance of bonds and other marketable securities and delegation to the Board of Directors of the power so to issue, in accordance with legal provisions.
 - The authorisation of Related-Party Transactions in an amount or with a value equal to or greater than that determined by law.
 - Amendment of the *By-Laws*.
 - Merger, spin-off, global assignment of assets and liabilities, and transformation of the Company.
 - Dissolution and approval of the final liquidation balance.
 - Acquisition, disposal or contribution to another company of essential assets in the terms provided by law.
 - Any matter that the Board of Directors may lay before the sole shareholder for a decision.
- 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, execution and registration of the resolutions of the sole shareholder

- 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.

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2. The documentary record of the decisions by the sole shareholder taken in the exercise of the powers of the General Shareholders' Meeting, their notarisation, and their registration in the Companies Registry, shall be carried out in accordance with the provisions of the law and the Regulations of the Companies Registry.
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.

Section two. Company management

Article 16. Structure of company management and representation

1. The management of the Company rests with a Board of Directors, which may delegate any or all of its powers to a chief executive officer, as stated in the Law and the *By-Laws*.

The Board of Directors may also set up other committees or internal commissions 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 Directors and, where applicable, the chief executive officer.
The Board of Directors may represent the Company acting as a collegial body. The chief executive officer shall act individually.
3. The resolutions of the Board of Directors shall be carried out by the secretary, by a director or by a third party appointed in the resolution, acting jointly or individually.

Article 17. General principles of action

The Board of Directors as well as, where applicable, the chief executive officer, 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 three. 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 reserved by the *By-Laws* or by law to the sole shareholder in the exercise of the powers of the General Shareholders' Meeting. The widest powers to manage, conduct, manage and represent the Company correspond to the Board of Directors.
2. In accordance with its status of the Group's head of business of the retail business Spain and abroad, the Company's Board of Directors is responsible for the following specific and non-delegable duties:
 - a. Collaborate with Iberdrola España as a subholding company of the Group in Spain in defining the Group's management guidelines and strategic objectives in Spain.
To this end, the Company shall submit to the subholding company its proposed annual targets, 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 goals and action programmes in relation to all the activities included in the retail energy business that constitute its corporate purpose.
 - c. Prepare the proposals for the distribution of dividends that will be submitted to the decision of the sole shareholder into consideration the criteria set by Iberdrola España.
 - d. Supervise the implementation and undertaking of direct contact and dialogue with stakeholders related to its activity in accordance with the policy and model established in this respect at Group level, approving in particular, in accordance with its activities and scope of action, the signing of the corresponding collaboration agreements with Iberdrola España and the Iberdrola Foundation España for the promotion and execution of activities related to sustainable development policies.
 - 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. Take 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. Monitor de compliance with the regulations of the separation of activities and, therefore, with the *Code for the Separation of Activities of Iberdrola España Group companies with regulated activities*.
 - k. Ensuring the correct and proper use of the Iberdrola brand as an expression of the *Purpose and Values of the Iberdrola Group* 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 activity 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. Preparing the annual accounts, management report and the proposed allocation of profits 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. Submitting any relevant proposed resolutions relating to the remuneration of board members in their condition as such to the sole shareholder in exercise of the powers of the General Shareholders' Meeting, pursuant to the *By-Laws* and within the limits that these may impose.
 - 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. Agree on the appointment and removal of members of the Company's senior management. For these purposes, members of the senior management will be employees who report directly to the Board of Directors or any of its members and, in any case, the manager of the Internal Audit division ("Member of the Senior Management").
 - i. Authorising the proposals for the appointment and removal of directors of the companies in which the Company holds a direct stake, although with respect to any independent director, should these exist, the Board of Directors shall submit said proposals to IBERDROLA, S.A. Iberdrola's Appointments Committee for notification purposes. Likewise, the Company's Board of Directors shall take note of the proposals for the appointment and removal of directors relating to indirect subsidiaries.
 - 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. Define the structure of general powers of the Company to be approved by the Board itself or by the representative management decision-making bodies.
 - m. Approving or proposing to the sole shareholder, as the case may be, Related Transactions (as defined in these *By-Laws*), whose approval has not been subject to delegation on the basis of section 7 article 38, as well as, if applicable, deciding on the authorisation of or exemption from the obligations derived from the duty of loyalty, with all of this being done under the terms established by law and the Governance and sustainability system without prejudice, if applicable, to the relevant powers of the Board of Directors of IBERDROLA as holding company of the Group.

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- n. The Board of Directors shall approve the standards that must be met for transactions carried out between the Company and its subsidiaries and all other companies within the 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 43 of the Spanish Code of Commerce 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. Approving, within its powers, mergers, spin-offs or any other structural operations affecting any of the Company's controlled companies.
 - q. Supervising the effective operation of committees as it may have established and the actions of such delegated bodies and managers as it may have designated.
 - r. Agreeing on the appointment of members of the Compliance Unit, at its own initiative or at the proposal of the Compliance Unit, considering the profiles that, based on the development of the Company's activities, may be suitable for the compliance of their duties.
 - s. Approving and, if applicable, amending the Regulations of the Compliance Unit.
 - t. Identifying the main risks to the Company and organising suitable internal control and information systems as well as carrying out regular monitoring of said systems, having regard for these purposes to the Group's general risk policy.
 - u. To receive information from the Compliance Unit on any relevant matter relating to regulatory compliance and the prevention and correction of irregular actions and illicit or illegal activities or activities against the Governance and sustainability system.
 - v. To receive information from the Compliance Unit any matters relating to the efficiency of the Company's compliance system. In any case, the Board must give its opinion on the Unit's annual report assessing the effectiveness of the Company's Compliance System, as well as the annual report regarding the effectiveness of the Compliance systems of its subsidiary companies.
 - w. To review, through the Compliance Unit, the Company's internal policies and procedures to prevent inappropriate behaviours and identify potential policies or procedures that are more effective in the promotion of the highest ethical standards.
 - x. 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.
 - y. Approving the annual activities plan for the Compliance Unit, as well as issuing on an annual basis an opinion regarding its compliance and the performance of the Compliance Unit.
 - z. Ruling upon any other matter which, if it falls within the scope of its powers, the Board of Directors deems to be of interest to the Company.
4. Without prejudice to the non-delegable powers referred to in sections 2 and 3 above, the Board of Directors shall entrust the ordinary management and direction of the Company to the CEO and members of the board, promoting and supervising the management of the Company and, in particular, compliance 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 consist of a minimum of three and a maximum of ten directors, who shall be appointed by a decision of the sole shareholder in exercise of the powers of the General Shareholders' Meeting, subject to any applicable rules laid down by legislation or by-laws, and at least one of them must have the status of independent director pursuant to the provisions of article 24 of these Company *By-laws*.
2. The sole shareholder, 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 will be classified according to these categories:
 - a. Executive directors: those that perform management duties in the Company no matter the legal bond within the company.
 - b. Proprietary directors: those who represent the sole shareholder and do not have the status of executive directors.
 - c. External directors: those that do not have management duties in the Company or represent the sole shareholder.
2. In the appointment of external directors by the sole shareholder, in the exercise of the duties of the General Shareholders' Meeting, the sole shareholder will assess, taking into consideration the personal and professional qualities of the candidate, whether the director may carry out their duties without being constrained by relationships with the Company, with any other Group company or with directors, majority shareholders or members of their management.
3. The category 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 vis à vis the Company.
4. The Company will provide new members of the Board of Directors with a Welcome Programme, whose purpose is to facilitate their active participation from the beginning, and will develop a frequent training plan that ensures their knowledge is updated.

Article 21. Chairman and vice-chairman

1. The Board of Directors shall elect from among its members a chairman who will exercise the powers that correspond to the position in accordance with the law and these *By-Laws* and, in particular, the following:
 - a. Call and chair meetings of the Board of Directors, establishing the agenda for the meetings and moderating discussions and deliberations.
 - b. Submit to the Board of Directors the proposals he deems appropriate for the smooth running of the Company and, especially, those corresponding to the functioning of the Board of Directors itself.
 - c. Shall oversee, in collaboration with the Board of Directors, that Directors receive sufficient information in advance on the items that figure in the agenda.
 - d. Encourage debate and the active participation of Directors during meetings, while ensuring their freedom to take the stance they consider appropriate.
 - e. Drive the work of the Board of Directors' committees and oversee their effectiveness in performing their functions and responsibility, as well as ensuring they have the requisite human and material resources.
 - 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. The Board of Directors, if so decided, may elect a vice-chairman, at the proposal of the chairman. If the Board of Directors has elected a Vice-Chairman, they 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, where applicable, the vice-chairman of the Board of Directors, if re-appointed by the sole shareholder as members of the Board of Directors in exercise of the powers of the General Shareholders' Meeting, shall continue to hold said positions on the Board of Directors, without the need for a new election and without prejudice to the power of revocation which, with respect to said positions, corresponds to the Board of Directors.

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 Directors a chief executive officer having such powers as the Board deems fit and are delegable under these *By-laws* and under the law.
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. Proposing 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.

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- c. Carry out 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, drive the innovation and digital transformation strategy.

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 them by law and the Company's Governance and sustainability System and, in particular, the following:
 - a. Keep a book on the decisions of the sole shareholder in exercise of the powers of the General Shareholders' Meeting, while also overseeing the conservation and safekeeping of said book. Without prejudice to the foregoing, the secretary of the Board of Directors shall send the sole shareholder's secretary certification of the minutes regarding the decisions taken by the sole shareholder.

In addition, the Secretary shall report to the Board of Directors on the resolutions adopted by the Company as sole shareholder in the exercise of the powers of the General Meeting of Shareholders in the companies in which it has the status of sole shareholder, keeping a record of the certificates of the minutes of the sole shareholder's resolutions.
 - 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 a book of minutes of meetings of the Board and any other body for which they holds the post of secretary, duly reflecting the course of the meetings in the same, while also overseeing the conservation and safekeeping of the said books and of the company documentation generated in relation to the workings of these administrative bodies.
 - d. To 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 they 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. Ensure, under the supervision of the chairperson of the Board, the effective coordination of the Board with internal committees or commissions that carry out consultancy or support functions for the Board that may be set up, particularly with respect to the establishing of the necessary information flows.
2. The Secretary must state and leave a record of their opposition to those agreements that contravene the law, the *By-Laws*, the Company's Governance and sustainability system or its corporate interests.
3. The Board of Directors may decide, at the proposal of the chairman, to appoint an assistant secretary, who may or may not be a director, and who will replace the secretary in the event of vacancy, absence, illness or impossibility. 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 vice-secretary, may act as legal advisor if they are 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 chairman, the vice-chairman and, as appropriate, the secretary and vice-secretary of the Board of Directors, who are re-elected as members of the Board of Directors by a decision of the sole shareholder in the exercise of the powers of 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 positions.

Article 24. Board of Directors Meetings

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. Generally speaking, the meetings shall be held on a face-to-face basis at a location indicated in the call notice.
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 board members in attendance at any one of the interconnected locations shall, to all intents and purposes, be considered as participants of the one and only Board Meeting.
4. Notice of a meeting of the Board of Directors shall be given via email or any other means that provides verification of receipt.. A notice of meeting shall be given as far in advance as is necessary for the Directors to receive it and not later than the third day before the date of the meeting, except in the case of emergency meetings. 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 meeting notice and the information considered necessary, as well as any other communication, shall be sent or made available to the Board members using the new technologies and, in particular, on the board member website as a key tool for effectively carrying out the duties of the Board. Using the same procedure, Board of Directors' meetings can be cancelled, suspended or their date, agenda or venue modified. Failing this, the email address that each director provides to the Company upon taking office shall be used, and any change of email address shall be notified to the Company, without prejudice to the limitations of mandatory compliance with respect to the use by the directors of the systems, applications and IT and telematic elements made available to them by the Company.
6. Notwithstanding the foregoing, the Board of Directors shall be understood to be validly established without need for prior notice if all members are in attendance in person or by proxy and agree unanimously to hold a meeting as universal 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 authorize 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 deemed convenient, the chairman may authorise their remote attendance, based on what is indicated in paragraph 5 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 the majority vote of those present and represented at the meeting, unless the Law or the *By-Laws* provide other types of majorities. In the event of a tie, the chairman 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.

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.

Article 27. Board of Directors Committees

1. The Board of Directors may also set up other committees or internal commissions with consultative or advisory functions or for compiling reports or drafting proposals, as determined by the Board of Directors itself.
2. The committees shall be governed on a supplementary basis, insofar as they are not inconsistent 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, executive 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 Division

1. The Company shall have an Internal Audit Division set up as an independent internal area whose main activity consist in independently and proactively ensure the efficiency of governance processes, risk management and the internal controls of the Company and those of its subsidiary companies, whose person in charge will be appointed by the Board of Directors.
2. The Internal Audit Division shall perform its duties with full autonomy, without prejudice to the establishment of an appropriate framework of reporting and collaboration on the performance of its functions with Iberdrola España's Internal Audit Division.

Article 29. Compliance Unit

1. The Company shall have a Compliance Unit set up as a permanent collegiate body in accordance with the highest standards of independence and transparency, linked to the Board of Directors, whose members will be appointed by the Board.
2. The Compliance Division shall perform its duties with full autonomy, without prejudice to the establishment of an appropriate framework of reporting and collaboration on the performance of its functions with Iberdrola España's Compliance Unit.

Article 30. Risks Division

1. The Company shall have a Risks Division, established as an independent internal area, with powers in the area of identification, measurement and management control of relevant risks of the activities carried out by the Company and its subsidiary companies.
2. The Risks Division shall perform its duties with full autonomy, without prejudice to the establishment of an appropriate framework of reporting and collaboration on the performance of its functions with Iberdrola España's Risks Division.

Section four. Legal status of directors

Article 31. General duties of the directors

1. The directors must carry out their office and comply with the duties imposed by law, the *By-Laws* and the Governance and sustainability system with the diligence of a prudent businessperson, taking into account the nature of the office and the duties assigned to each of them.

The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.

2. In particular, directors shall undertake to:
 - a. Properly prepare the meetings of the Board of Directors and, if applicable, the meetings 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 the director is a member, and actively take part in deliberations so that their judgement effectively contributes to decision-making. If, on justified grounds, they unable to attend a session to which they have been summoned, they must give instructions to the director who is to represent them.
 - c. Perform any specific task commended to them by the Board of Directors, 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.

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- 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, the *By-Laws*, 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 if not holding the position of director, and, if applicable, and the vice-secretary of the Board of Directors, shall be bound by those duties binding directors that, by their very nature, apply likewise to them.

Article 32. 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 they 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 they 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. Furthermore, the director must respect the limitations established for the use of the computerised and telematic systems, applications and devices made available to them by the Company.
2. A director's duty of confidentiality shall survive even after his/her departure from office, save in cases permitted or required by law.
3. 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.
4. 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 33. Duty not to compete

1. A director may not be a director or member of senior management 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 member of senior management 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 34. 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 35. Use of company assets

1. A director may not use the Company's assets nor exploit their position at the Company to obtain any economic advantage unless they have given adequate consideration.
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 36. 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 analogous legal position with respect to the information that the director desires to use.

Article 37. 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 38. Related Transactions

1. "Related-Party Transactions" shall be those transactions carried out by the Company or its subsidiaries with their directors and with Members of Senior Management or with their respective Related Parties, as well as transactions carried out by the Company with its parent company or with other companies of the Iberdrola Group subject to a conflict of interest.
2. For purposes of these *By-Laws*, the following shall be deemed to be "Related Parties" of the directors and of the Members of Senior Management:
 - a. The spouse of a director and Members of Senior Management or person connected thereto by a like relationship of affection.
 - b. The ascendants, descendants and siblings of the director and of Members of Senior Management or the spouse thereof.
 - c. The spouses of the director's ascendants, descendants and siblings of the director and of Members of Senior Management.

- d. Companies or entities in which the director and the Members of Senior Management directly or indirectly holds, including through an intermediary, an interest that gives them significant influence, or companies or entities, or the controlling company thereof, in which they hold a position on the management body or within the senior management thereof. For these purposes, it is assumed that any interest equal to or greater than 10% of the share capital or voting rights or based on which it has been possible to obtain representation on the company's management body, in fact or by law, provides a significant influence.
- e. The shareholders represented by the director on the Board of Directors.
3. By way of exception to the provisions of section 1, the following shall not be deemed to be a Related-Party Transaction: (i) transactions entered into by the Company with its sole shareholder or with its wholly-owned subsidiaries; (ii) transactions carried out by the Company with its subsidiaries or investees unless any of its directors or Members of Senior Management or their respective Related Parties is in turn a significant shareholder in the subsidiary or investee; (iii) transactions carried out on standard terms for customers and that are not significant, understood as those whose reporting is not necessary to give a true and fair view of the assets and liabilities, financial position and results of the Company; and (iv) the approval by the Board of the terms and conditions of the contract to be entered into between the Company and any director who is to perform executive duties, including the chief executive officer, and with the Members of Senior Management, and the determination by the Board of the specific amounts or remuneration to be paid under such contracts.
4. Related-Party Transactions must be approved by the sole shareholder, in the exercise of the powers of shareholders acting at a General Shareholders' Meeting, in the instances provided by law, and particularly if they relate to a transaction having a value of more than ten per cent of the corporate assets.
5. In other situations where the law does not require the approval of 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 endeavour to ensure that Related-Party Transactions are fair and reasonable from the viewpoint of the Company.
7. Without prejudice to the provisions of paragraph 4 above, the Board of Directors may delegate the approval of Related-Party Transactions entered into by the Company when so allowed by law, and particularly those of the Company with companies of the Group and subject to a conflict of interest, provided that they are transactions entered into in the ordinary course of business, which shall include those resulting from the execution of a master agreement or contract and concluded on arms'-length terms.
- The Board of Directors must establish a regular internal reporting and control procedure in relation Related Transactions, to verify the fairness and transparency of such transactions and compliance with any legal criteria applicable to the exceptions above.
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 34 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. Senior management members must do so through the Compliance Division, who shall report the information received to the Board of Directors.

Without prejudice to 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) the date on which it began; (iii) main terms and conditions, including the value or amount of the consideration and the terms and conditions of payment (iv) identity of the people involved in the transaction and relationship, where applicable, with the director; and (v) other aspects, such as price policies and guarantees, along with any other aspect of the transaction that enables it to be assessed, including, particularly, information that makes it possible to verify that it is a fair and reasonable transaction from the Company's standpoint.

10. The secretary to the Board of Directors will record Related Transactions with directors.
11. On an annual basis, the Board of Directors will inform the sole shareholder about Related Party transactions through the secretary.

Article 39. 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. These disclosures shall be set out in the notes to the financial statements in accordance with statutory requirements.

2. A director shall also disclose to the Company:
 - a. All positions the director holds in, and services the Director provides to other companies or entities, with the exception of those within the Group, as well as all other professional duties they may have. In particular, the director shall inform the Board of Directors prior to accepting any directorship or managerial office at another company or entity (except for the positions the director is called upon to hold at companies belonging to the Group or at other companies in which they represent the interests of the Group).
 - b. Any material changes in his professional situation that might impinge on the character or status by virtue of which he was appointed a director.
 - c. Any judicial, administrative or other proceedings instituted against him which, by reason of their significance or characteristics, might seriously affect the Company's reputation. In particular, should a director become subject to an order for further criminal prosecution upon indictment or commencement of an oral trial is issued against him for the commission of any of the offences contemplated in Section 213 of the consolidated text of the Companies Act, such director shall give notice thereof to the Company through its chairman. In such instance, the Board of Directors shall review the case as soon as possible and shall adopt the decisions it deems fit taking into account the interests of the Company.
 - d. Overall, any circumstance or situation that may be relevant to his performance as a Director of the Company.

Article 40. Term of Office, resignation and removal

1. Directors shall hold office for a term of four (4) years, as long as the sole shareholder, 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.
2. Directors may be re-elected one or more times for subsequent periods of four (4) years.

Article 41. Director's remuneration

1. The sole shareholder, in exercise of the powers of the General Shareholders' Meeting, shall establish fixed pay for some or all of the directors for their office, this is, for belonging to the Board of Directors and, if applicable, in accordance with the committees to which they belong, their circumstances, their type of director position and the duties performed or offices held. The premiums corresponding to any liability insurance and life insurance that the Company obtains for the benefit of the directors shall form a part of this fixed remuneration.
2. Likewise, and also in accordance with their circumstances, all or some of the directors shall be entitled to receive remuneration as an attendance allowance for Board meetings or meetings of the committees to which they belong.
3. 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.
4. Executive directors will only be remunerated for their in accordance with the paragraph 5 of this Article.
5. 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 Shareholders' Meeting, 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.
6. 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.
7. The Company may take out liability and legal defence insurance for the directors for the exercise of their duties, as well as, where appropriate, life insurance for them. The premiums corresponding to any liability insurance and life assurance that the Company takes out for the benefit of the directors shall form a part of their remuneration.

Article 42. 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 43. 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 of the Board of Directors, acting on behalf of the chairman, 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**Section one. Tax year****Article 44. Financial year**

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

Section two. Financial information**Article 45. Preparation**

1. The annual accounts and the management report shall be drawn up in accordance with the structure, principles and instructions provided by current law.
2. Within the first three months of the year, the Board of Directors shall prepare the annual accounts, the management report, and the proposed distribution of profit in accordance with the laws in force 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 46. Verification

1. The annual accounts and the management report must be reviewed by account auditors.
2. The auditors shall be appointed by the sole shareholder 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 sole shareholder 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 47. 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 profit for the year in accordance with the approved balance sheet.

Article 48. 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.

Section three. Non-Financial information

Article 49. 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 information statement shall be reviewed by an external provider of verification services 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 may not draw up the non-financial report, when it and its subsidiaries are included in the consolidated non-financial report prepared by its sole shareholder.

Article 50 Approval

1. In the event that it is drawn up, the Company's non-financial report shall be submitted to the sole shareholder for approval.
2. When the Company, by virtue of section 49.4 above, decides not to prepare the non-financial statement, the Board of Directors should approve the non-financial information of the Company and its subsidiary companies to be included in the consolidated non-financial statement and the sole shareholder should acknowledge its content.

TITLE V. DISSOLUTION AND LIQUIDATION

Article 51. 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 52. 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. They shall constitute a collegial body whose number shall necessarily be odd. To this end, if necessary, the shortest-serving director shall resign their office.
3. During the liquidation period, the sole shareholder 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 shall adopt the appropriate resolutions and decisions for bringing the liquidation to a close while safeguarding the corporate interests, 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.

