

Bilbao, 14 May 2021

**To the National Securities Market Commission**

**Re: Other relevant information / Publication of the announcement of the call to the 2021 General Shareholders' Meeting and documentation made available to the shareholders**

Dear sirs:

Pursuant to the provisions of Section 227 of the restated text of the Securities Market Act (*Ley del Mercado de Valores*) approved by *Royal Legislative Decree 4/2015, of 23 October*, and in continuation of our notice of other relevant information dated 11 May 2021 (record number 9362), we hereby send to you, attached hereto, the announcement of the call to the General Shareholders' Meeting of IBERDROLA, S.A. (the "**Company**"), which in all likelihood will be held on Friday 18 June 2021, on second call, with the agenda set forth in the aforementioned notice.

Said announcement of the call to meeting is published today in the Official Bulletin of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) and on the Company's corporate website ([www.iberdrola.com](http://www.iberdrola.com)), where it shall be continuously accessible until at least the holding of the General Shareholders' Meeting.

Also attached hereto are the proposed resolutions and reports of the Board of Directors in relation to the various items on the agenda for said General Shareholders' Meeting. These proposed resolutions and reports of the Board of Directors, together with the other documents relating to the General Shareholders' Meeting, will be available to the shareholders at the registered office and on the corporate website of the Company ([www.iberdrola.com](http://www.iberdrola.com)), on the terms set out in the announcement of the call to meeting.

Of which we inform you for the appropriate purposes.

The secretary of the Board of Directors





### IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange securities. The shares of IBERDROLA, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

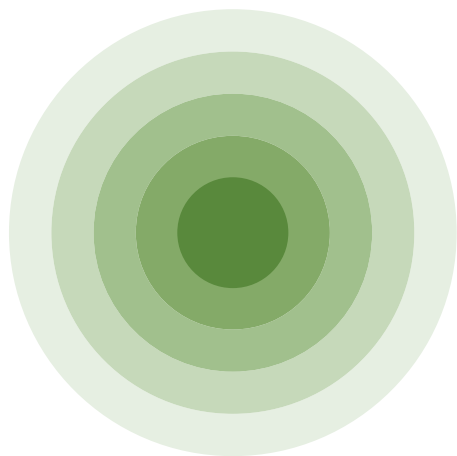
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IBERDROLA, S.A. Registered office – Plaza Euskadi, 5 48009 Bilbao (Biscay)  
Commercial Registry of Biscay, volume 17 of the Companies Book, folio 114, page 901 (now BI-167-A), entry 1 – Tax ID no. A-48010615  
[www.iberdrola.com](http://www.iberdrola.com)

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# GENERAL SHAREHOLDERS' MEETING 18 June 2021

Announcement of the  
call to meeting



# Call to the 2021 General Shareholders' Meeting of Iberdrola, S.A.

The Company hereby calls a General Shareholders' Meeting, which will be held exclusively by remote means, without the physical presence of shareholders or proxy representatives.

**Website for remote connection:** [www.iberdrola.com](http://www.iberdrola.com).

**Start date and time:** Friday, 18 June 2021, at 11:00 a.m, on second call<sup>1</sup>.

## Agenda

Management results	1. Annual financial statements 2020.	
	2. Directors' reports 2020.	
	3. Statement of non-financial information 2020.	
	4. Corporate management and activities of the Board of Directors in 2020.	
Governance and Sustainability System. Climate Action Plan	5. Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the <i>By-Laws</i> to update the name of the Governance and Sustainability System and make other technical improvements.	
	6. Amendment of Article 10 of the <i>By-Laws</i> in order to reflect the amount of share capital resulting from the reduction therein by means of the retirement of a maximum of 178,156,000 own shares (2.776% of the share capital).	
	7. Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the <i>By-Laws</i> to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.	
	8. Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the <i>By-Laws</i> to regulate remote attendance at the General Shareholders' Meeting.	
	9. Amendment of Article 32 of the <i>By-Laws</i> to include the approval of a climate action plan.	
	10. Amendment of Articles 35 and 36 of the <i>By-Laws</i> to update the rules on the ways of holding meetings of the Board of Directors and of its committees.	
	11. Amendment of Articles 53 and 54 of the <i>By-Laws</i> and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information.	
	12. Amendment of Articles 55 and 56 of the <i>By-Laws</i> , which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI.	
	13. Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38, 39, 40 and 41 of the <i>Regulations for the General Shareholders' Meeting</i> in order to update the name of the <i>Governance and Sustainability System</i> and to make other technical improvements.	
	14. Amendment of Articles 9 and 20 of the <i>Regulations for the General Shareholders' Meeting</i> to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.	
	15. Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 and 43 of the <i>Regulations for the General Shareholders' Meeting</i> and addition of a new Article 37 to establish the rules for remote attendance, and numbering of the articles.	
	16. <i>Director Remuneration Policy</i> .	
	Shareholder remuneration	17. Allocation of profits/losses and distribution of 2020 dividends, the supplementary payment of which will be made within the framework of the "Iberdrola Retribución Flexible" optional dividend system.
		18. First increase in capital by means of a scrip issue at a maximum reference market value of 1,725 million euros in order to implement the "Iberdrola Retribución Flexible" optional dividend system.
		19. Second increase in capital by means of a scrip issue at a maximum reference market value of 1,250 million euros in order to implement the "Iberdrola Retribución Flexible" optional dividend system.
	Board of Directors	20. Re-election of Mr Juan Manuel González Serna as independent director.
21. Re-election of Mr Francisco Martínez Córcoles as executive director.		
22. Ratification and re-election of Mr Ángel Jesús Acebes Paniagua as independent director.		
23. Setting of the number of members of the Board of Directors at fourteen.		
Approvals and delegation of powers	24. Authorisation to issue simple debentures or bonds and other fixed-income securities, not exchangeable for or convertible into shares, with a limit of 6,000 million euros for promissory notes and 30,000 million euros for other fixed-income securities, as well as to guarantee issues of subsidiaries.	
	25. Delegation of powers to formalise and to convert the resolutions adopted into a public instrument.	
Consultative votes	26. <i>Annual Director Remuneration Report 2020</i> .	
	27. <i>Climate Action Policy</i> .	

<sup>1</sup> The General Meeting is called to be held on Thursday, 17 June, at 11:00 a.m., on first call, and on Friday, 18 June, at the same time, on second call. However, to avoid unnecessary inconvenience, the Board of Directors hereby informs the shareholders that the General Meeting will in all likelihood be held on 18 June on second call.

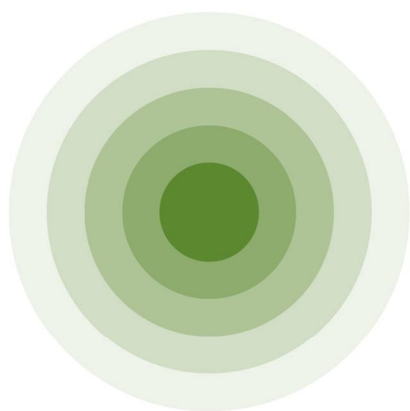
## Participation and documentation

Participants	<p>Each shareholder having at least one share registered in the shareholder's name on 11 June may attend the General Meeting and grant their proxy or cast an absentee vote prior to the holding thereof.</p> <p>The payment of an attendance bonus at this General Meeting is not contemplated.</p>
Channels for participating prior to the General Meeting	<p>Shareholders may grant their proxy or cast an absentee vote prior to the General Meeting through the depositaries or the following channels of the Company:</p> <ul style="list-style-type: none"> <li>• Corporate website: <a href="http://www.iberdrola.com">www.iberdrola.com</a>.</li> <li>• Shareholder telephone number: 900 100 019 (free phone).</li> <li>• Post: sending the proxy and absentee voting card to apartado de correos número 1.113, 48080 Bilbao.</li> <li>• New channels: sending an image of the proxy and absentee voting card by WhatsApp (+34 639 000 639) or by email (<a href="mailto:Junta2021@iberdrola.es">Junta2021@iberdrola.es</a>).</li> </ul> <p>Proxy representatives may cast an absentee vote prior to the General Meeting by sending the proxy granted to them using the new form included on the corporate website or by sending it by post, by WhatsApp or by email as indicated above.</p>
Documentation	<p>The Company recommends viewing the documentation for the General Meeting on the corporate website (<a href="http://www.iberdrola.com">www.iberdrola.com</a>), which also contains information regarding the exercise of shareholder rights, as well as regarding the reduction and increases in capital and the amendments to the Regulations of the Board of Directors made since the last General Meeting.</p> <p>However, shareholders have the legal right to examine at the registered office and to request the immediate delivery or shipping without charge of a copy of the annual financial statements and directors' reports for financial year 2020, together with the respective audit reports, the statement of non-financial information for said financial year, and the proposed resolutions and reports of the Board of Directors.</p>
Key dates	<ul style="list-style-type: none"> <li>• 14 May: opening on the corporate website of the application for proxy-granting and absentee voting.</li> <li>• 19 May: end of period to request the publication of a supplement to the call to meeting and to submit well-founded proposed resolutions.</li> <li>• 12 June: end of period to exercise the right to receive information prior to the General Meeting upon the terms provided by law.</li> <li>• 13 June: beginning of period to pre-register to attend the General Meeting, as well as to submit presentations and proposed resolutions.</li> <li>• 17 June: end of period to grant a proxy or cast an absentee vote prior to the General Meeting if, as expected, it is held on second call (or the preceding day if held on first call).</li> <li>• 18 June: date scheduled for the holding of the General Meeting on second call.             <ul style="list-style-type: none"> <li>- 9:00 a.m.: end of period to pre-register to attend the General Meeting and for pre-registered shareholders and proxy representatives to submit presentations and proposed resolutions.</li> <li>- From 9:00 a.m. to 10:00 a.m.: period for pre-registered shareholders and proxy representatives to register as attendees at the General Meeting. During the registration process, they may state (if they have not already done so during pre-registration) their intention to make a presentation and propose a resolution, the text of which must be sent before 11:00 a.m.</li> <li>- 11:00 a.m.: beginning of the General Meeting, which will be broadcast through the corporate website.</li> </ul> </li> </ul>
Questions and clarifications	<p>A virtual assistant will be available to the shareholders on the corporate website and on the "Investor Relations App" to find answers to any question regarding the General Meeting, as will be the free phone 900 100 019 and the e-mail address <a href="mailto:accionistas@iberdrola.com">accionistas@iberdrola.com</a> as permanent channels of contact with the Shareholder's Office. Sustainable management of the event includes measures to make participation in the General Meeting accessible to all shareholders, who can ask for help in this regard through the Shareholder's Office.</p>

In Bilbao, on 11 May 2021.

The secretary of the Board of Directors.

**Personal data protection:** the Company is controller of the personal data of the shareholders and their proxy representatives provided thereby or by the depositaries of the shares. The purposes of such processing are: (i) to manage the General Meeting; (ii) to comply with the obligations set out in the Governance and Sustainability System related to the holding of the General Meeting and with the transparency and engagement policies, including the Company's direct contact with shareholders and, where appropriate, to verify such compliance; (iii) to perform analyses and prepare reports to optimise the management of the General Meeting; and (iv) to record and broadcast the General Meeting. The legal basis for the first of the purposes is to comply with legal obligations and the shareholder relationship, and in the other cases is the legitimate interest of the Company in holding General Meetings that fully conform to its Governance and Sustainability System and the rest of its internal rules as well as to ensure the observance and full satisfaction of shareholder rights and to adopt measures favouring the achievement of those objectives. Said data may be communicated to the notary who prepares the minutes for the General Meeting and to other shareholders in the exercise of their right to receive information, but in no event will be transferred outside of the European Economic Area. Third party service providers hired to control the proper conduct of the General Meeting, to prepare statistical information and to verify compliance, among other activities, with which the Company will sign the contracts required by applicable legal provisions, may also have access to said data. The rights of access, rectification, objection, erasure and restriction of processing may be exercised in accordance with the *Implementing Rules for the General Shareholders' Meeting*, available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)), which contains more detailed privacy-related information.



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## Proposed Resolutions



## PROPOSED RESOLUTIONS

### ITEM NUMBER ONE ON THE AGENDA

#### Annual financial statements 2020.

#### RESOLUTION

To approve the separate annual financial statements of IBERDROLA, S.A. (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows and notes) and the annual financial statements of the Company consolidated with those of its subsidiaries (consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of overall profit and loss, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and consolidated notes) for the financial year ended on 31 December 2020, formulated by the Board of Directors at its meeting held on 23 February 2021.

### ITEM NUMBER TWO ON THE AGENDA

#### Directors' reports 2020.

#### RESOLUTION

To approve the separate directors' report of IBERDROLA, S.A. and the directors' report of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2020, formulated by the Board of Directors at its meeting held on 23 February 2021.

### ITEM NUMBER THREE ON THE AGENDA

#### Statement of non-financial information 2020.

#### RESOLUTION

To approve the consolidated *Statement of Non-Financial Information. Sustainability Report* of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2020, formulated by the Board of Directors at its meeting held on 23 February 2021.

### ITEM NUMBER FOUR ON THE AGENDA

#### Corporate management and activities of the Board of Directors in 2020.

#### RESOLUTION

To approve the management of the Company and the activities of the Board of Directors of IBERDROLA, S.A. during the financial year ended on 31 December 2020.



## ITEM NUMBER FIVE ON THE AGENDA

**Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the By-Laws to update the name of the Governance and Sustainability System and make other technical improvements.**

### RESOLUTION

Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the *By-Laws* to update the name of the Governance and Sustainability System and make other technical improvements. The Preamble and Articles 1, 4, 8, 9, 14, 15, 21, 30, 31, 37, 38, 42, 43, 44, 45, 46, 47 and 49 shall hereafter read as follows:

#### ***"PREAMBLE***

*Pursuant to the corporate autonomy recognised by law, these By-Laws govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the "Company") are bound upon acquiring such status.*

*Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.*

*Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.*

*The provisions of the By-Laws regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear "purpose" and certain clear "values" that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a player in the economic and social environment in which it does business.*

*In the case of the Company, the By-Laws thereof define and ultimately constitute the foundation on which is built and based 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.*





*The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.*

*To the extent applicable thereto, the By-Laws and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group, as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith."*

**"Article 1. Company Name**

*The name of the Company is IBERDROLA, S.A."*

**"Article 4. The Iberdrola group**

1. *The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the "Group").*
2. *The corporate and governance structure of the Group is defined based on the following:*
  - a) *The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Governance and Sustainability System.*
  - b) *Country subholding companies group together the equity stakes in the Group's head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.*

*The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.*
  - c) *Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group's businesses within one or more countries, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies in accordance with law.*
3. *All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles."*

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

1. *The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.*
2. *The Governance and Sustainability System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*
3. *The Company’s Governance and Sustainability System is made up of these By-Laws, the Purpose and Values of the Iberdrola group, the Code of Ethics, the corporate policies and other governance and compliance rules.*
4. *The Purpose and Values of the Iberdrola group sets out its raison d’être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.*
5. *The Purpose and Values of the Iberdrola group also inspires and takes form in the corporate policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders’ Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company’s corporate website.*
8. *The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola group and the corporate interest.*
9. *The application and further development of the Company’s compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.”*

**“Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media**

1. *The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations based on the principles of transparency and active listening, which allows for continuing to respond to their legitimate interests and to effectively disclose information regarding the*



activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.

2. *The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.*
3. *The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection with the General Shareholders' Meeting and the corporate governance of the Company, upon the terms provided by law and the Governance and Sustainability System.*
4. *The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.*
5. *All companies of the Group shall promote the accessibility of their respective corporate websites."*

#### **"Article 14. Shareholders and the Governance and Sustainability System**

1. *The ownership of shares entails consent to the Governance and Sustainability System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.*
2. *Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Governance and Sustainability System."*

#### **"Article 15. General Shareholders' Meeting**

1. *The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the Governance and Sustainability System, on the matters within their purview.*
2. *Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*
3. *The General Shareholders' Meeting is governed by the provisions of law, these By-Laws, the Regulations for the General Shareholders' Meeting, other applicable provisions of the Governance and Sustainability System and other implementing rules approved by the Board of Directors within the scope of its powers."*

**“Article 21. Establishment of a Quorum for the General Shareholders’ Meeting**

1. *The General Shareholders’ Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.*
2. *Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders’ Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.*
3. *The absence of shareholders occurring once a quorum for the General Shareholders’ Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Governance and Sustainability System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders’ Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.”*

**“Article 30. Management and Representation of the Company**

1. *The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee (Comisión Ejecutiva Delegada) and, also if so decided by the Board of Directors, by one or more chief executive officers (consejeros delegados).*
2. *Each of these bodies shall have the powers set forth in these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Governance and Sustainability System, without prejudice to the provisions of law.”*

**“Article 31. Regulation of the Board of Directors**

*The Board of Directors shall be governed by the provisions set forth in the law, these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Governance and Sustainability System.”*

**“Article 37. Committees of the Board of Directors**

1. *The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.*
2. *The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.*



3. *The committees shall be governed by the provisions of the Governance and Sustainability System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.”*

**“Article 38. Executive Committee**

1. *If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Governance and Sustainability System.*
2. *The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.*
3. *The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.*
4. *The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.*
5. *Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (consejero coordinador), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.*
6. *Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.*

**“Article 42. Chairman and Vice-Chair or Vice-Chairs**

1. *The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.*
2. *The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.*





3. *The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.*
4. *The chairman of the Board of Directors may exercise the powers conferred upon him by law and the Governance and Sustainability System, and particularly the following:*
  - a) *To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.*
  - b) *To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the Governance and Sustainability System.*
  - c) *To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.*
  - d) *To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information sufficient to deliberate on the items on the agenda.*
  - e) *To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.*
5. *The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.*
6. *If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.*
7. *If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.*
8. *The same procedure shall be followed to decide the removal of a vice-chair."*

**"Article 43. Chief Executive Officer**

1. *The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the*



directors, may appoint one or more chief executive officers (*consejeros delegados*) with the powers it deems appropriate and which may be delegated pursuant to law and the Governance and Sustainability System.

2. *In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.”*

**“Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors**

1. *The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.*
2. *If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.*
3. *The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Governance and Sustainability System.*
4. *The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Governance and Sustainability System.”*

**“Article 45. Checks and Balances System: Lead Independent Director**

1. *The Governance and Sustainability System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.*
2. *The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.*
3. *The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.*
4. *If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director (*consejero coordinador*), who shall be specially empowered, when the lead independent director deems it appropriate, to:*



- a) *Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.*
  - b) *Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.*
  - c) *Coordinate, gather and reflect the concerns of the non-executive directors.*
  - d) *Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.*
5. *The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.”*

**“Article 46. General Duties of Directors**

1. *The directors must carry out their office and comply with the duties imposed by law 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. *The Regulations of the Board of Directors shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.*
3. *The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.”*

**“Article 47. Term of Office**

1. *Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders’ Meeting do not resolve to remove them and they do not resign from their position.*
2. *Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Governance and Sustainability System.*
3. *Directors may be re-elected to one or more terms of four years.”*



**“Article 49. 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.*
2. *The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Governance and Sustainability System.”*

Articles 12, 17 and 33 shall read as proposed under item number seven on the agenda, Article 19, 23, 24 and 27 as proposed under item number eight on the agenda, Article 32 as proposed item number nine on the agenda and Articles 35 and 36 as proposed under item ten on the agenda, which includes in all cases the update of the name of the Governance and Sustainability System.

**ITEM NUMBER SIX ON THE AGENDA**

**Amendment of Article 10 of the *By-Laws* in order to reflect the amount of share capital resulting from the reduction therein by means of the retirement of a maximum of 178,156,000 own shares (2.776% of the share capital).**

**RESOLUTION**

1. **Reduction in capital by means of the retirement of both currently existing own shares held in treasury and of own shares to be acquired through the settlement of derivatives acquired prior to the formulation of this proposed resolution through a buy-back programme for the retirement thereof**

To reduce the share capital of IBERDROLA, S.A. (the “**Company**”) by the amount resulting from the sum of:

- i. 117,081,459.00 euros, through the retirement of 156,108,612 currently existing own shares in treasury after the close of the trading session on 10 May 2021, each with a nominal value of 0.75 euro, acquired under the authorisation granted by the shareholders at the General Shareholders’ Meeting held on 13 April 2018 under item twelve on the agenda and within the limits established by Section 146 and related provisions and Section 509 of the *Companies Act* (the “**Existing Treasury Shares**”); and
- ii. the aggregate nominal value, up to the maximum amount of 16,535,541.00 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a limit of 22,047,388 own shares (the “**Overall Limit**”), that are acquired for their retirement both through the settlement, no later than 10 June 2021, of the derivatives acquired by the Company prior to 11 May 2021 (the “**Derivatives**”) and under the programme for the buy-back of up to 15 million own shares that will be in effect until no later than 10 June 2021 and that was approved by the Board of Directors on 11 May 2021 (the “**Buy-back Programme**”), under (a) the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and of Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to*



*buy-back programmes and stabilisation measures*; and (b) the aforementioned authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda.

Consequently, the maximum amount of the reduction in capital (the "**Reduction in Capital**") shall be 133,617,000.00 euros, through the retirement of a maximum of 178,156,000 own shares, each with a nominal value of 0.75 euro, representing not more than 2.776% of the share capital at the time this resolution is approved.

As set out below, the final amount of the Reduction in Capital will be set by the Company's Board of Directors (with express power of substitution) depending upon the final number of shares acquired both as a result of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the Overall Limit. If the Overall Limit is exceeded, there will be a retirement of all of the shares acquired pursuant to the Buy-back Programme, as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be retired on occasion of the Reduction in Capital.

Once the Board of Directors (or the body acting by delegation therefrom) has determined final figure of the Reduction in Capital, Article 10 of the *By-Laws* setting the share capital will be amended such that it reflects the new amount of share capital and the new number of outstanding shares.

## **2. Procedure for acquisition of the shares that will be retired under the Buy-back Programme**

Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 11 May 2021, the Company may acquire a maximum number of 15 million own shares by way of implementation of the Buy-back Programme for all of the shareholders and for their retirement, each of such own shares having a nominal value of 0.75 euro and representing a maximum of 0.234% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda.

As provided in the aforementioned resolution of the Board of Directors, the own shares shall be acquired subject to such terms as to price and volume as are established in Article 5 of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and in Articles 2, 3 and 4 of *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*.

In accordance with the foregoing, pursuant to Section 340.3 of the *Companies Act*, if the Company fails to acquire the maximum number of 22,047,388 own shares, each with a nominal value of 0.75 euro, both through the settlement, no later than 10 June 2021, of the Derivatives and under the Buy-back Programme, it shall be understood that the share capital is reduced by the sum of (i) the amount corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the sum of the shares effectively acquired



within the framework of the Buy-back Programme and pursuant to the settlement of the Derivatives no later than 10 June 2021.

### **3. Procedure for the reduction and reserves with a charge to which it is carried out**

Pursuant to the provisions of Section 342 of the *Companies Act*, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it shall be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the *Companies Act*.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by Section 334 of the *Companies Act* in connection with the Reduction in Capital.

### **4. Ratification of the resolutions of the Board of Directors**

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired within the framework and the effective period thereof, as well as to ratify the acts, statements and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

### **5. Delegation of powers**

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.*
- (b) To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.



- (c) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and retire them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.
- (d) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.
- (e) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.
- (f) To amend Article 10 of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.
- (g) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument for the Reduction in Capital has been executed and registered with the Commercial Registry, the retired shares are delisted from the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).
- (h) To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of Section 249 bis I) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

## ITEM NUMBER SEVEN ON THE AGENDA

**Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the *By-Laws* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.**

### RESOLUTION

Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the *By-Laws* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement. Said articles shall hereafter read as follows:

#### ***"Article 12. Shareholder Status***

1. *Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law*



*and by the Governance and Sustainability System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.*

2. *The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.*
3. *The Company may, as legally allowed, access the information needed to fully identify its shareholders and the ultimate beneficial owners, within the meaning provided by law, including addresses and means of contact for communication with them."*

***"Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting***

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders' Meeting or other rules of the Governance and Sustainability System, and particularly regarding the following:*
  - a) *The approval of the annual financial statements, the directors' report, the allocation of profits or losses and corporate management.*
  - b) *The approval of the statement of non-financial information.*
  - c) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
  - d) *The approval of the director remuneration policy.*
  - e) *The approval of the establishment of systems for remuneration of the directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
  - f) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
  - g) *The appointment, re-election and removal of the statutory auditors.*
  - h) *The amendment of these By-Laws.*
  - i) *An increase or reduction in share capital.*
  - j) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - k) *The delegation to the Board of Directors of the power to carry out an increase in share capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of*





*particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*

- l) The exclusion or limitation of pre-emptive rights.*
  - m) The authorisation for the derivative acquisition of the Company's own shares.*
  - n) The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.*
  - o) The dissolution of the Company and the appointment and removal of the liquidators.*
  - p) The approval of the final liquidation balance sheet.*
  - q) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - r) The commencement of derivative liability actions against directors, statutory auditors and liquidators.*
  - s) The approval and amendment of the Regulations for the General Shareholders' Meeting.*
  - t) The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.*
  - u) The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.*
  - v) The acquisition, transfer or contribution of key assets from or to another company.*
  - w) The approval of transactions having an effect equivalent to liquidation of the Company.*
- 2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Governance and Sustainability System."*

**"Article 28. Conflicts of Interest**

- 1. A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:*
  - a) Relieve the shareholder of an obligation or grant the shareholder a right.*
  - b) Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.*



- c) *Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.*
- d) *Approve a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law.*
2. *The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.*
3. *If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated."*

**"Article 33. Composition of the Board of Directors and Appointment of Directors**

1. *The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Governance and Sustainability System.*
2. *The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.*
3. *The following may not be appointed as directors:*
  - a) *Legal entities.*
  - b) *Persons who hold the position of director or who are members of senior management of domestic or foreign companies competing with the Company in the energy industry or other industries, or such persons, if any, as are proposed by them in their capacity as shareholders.*
  - c) *Persons serving as directors in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges.*
  - d) *Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.*
  - e) *Persons who are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those who have interests in any way opposed to those of the Company or the Group.*



4. *The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the Governance and Sustainability System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal."*

**"Article 39. Audit and Risk Supervision Committee**

1. *The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.*
2. *The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.*
3. *The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.*
4. *The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations, and in any case those provided by law, except the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof."*

**"Article 40. Appointments Committee and Remuneration Committee**

1. *The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these By-Laws to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.*
2. *The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent*
3. *The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of them, as well as their secretaries, who need not be directors.*





4. *The Appointments Committee and the Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.”*

**“Article 41. Sustainable Development Committee**

1. *If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.*
2. *The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Sustainable Development Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.*

*In particular, the Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to the powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.”*

## ITEM NUMBER EIGHT ON THE AGENDA

**Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the By-Laws to regulate remote attendance at the General Shareholders' Meeting.**

### RESOLUTION

Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the By-Laws to regulate remote attendance at the General Shareholders' Meeting. Said articles shall hereafter read as follows:

**“Article 18. Call to and Methods of Holding a General Shareholders' Meeting**

1. *A General Shareholders' Meeting must be called by the Board of Directors through an announcement published as much in advance as required by law, and which shall state the manner in which it will be held.*
2. *A General Shareholders' Meeting may be held in the following ways: in person only, in person with the ability to attend remotely, or, if there are reasons that make it advisable, exclusively by remote means. In all cases, shareholders may grant a proxy and cast an absentee vote pursuant to the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.*



3. *The announcement of the call to meeting shall be disseminated through the following media, at a minimum:*
  - a) *The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
  - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
  - c) *The Company's corporate website."*

#### **"Article 19. Shareholders' Right to Receive Information**

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem relevant, regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.*
2. *Shareholders attending the General Shareholders' Meeting may request such information or clarifications as they deem appropriate regarding the matters set forth in the preceding section within the period and on the terms determined by the Board of Directors in accordance with the provisions of law and the Governance and Sustainability System.*
3. *The Board of Directors shall be required to provide the information validly requested in the form and within the periods set forth in the law, in these By-Laws, in the Regulations for the General Shareholders' Meeting and in the implementing rules approved by the Board of Directors within the scope of its powers, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.*
4. *The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.*
5. *The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers."*

#### **"Article 20. Place of the Meeting**

1. *The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.*



2. *If the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office."*

**"Article 22. Right to Attend**

1. *The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.*
2. *The General Shareholders' Meeting may be attended in person by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.*
3. *The General Shareholders' Meeting may be attended remotely using the systems determined by the Board of Directors, which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting.*
4. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.*
5. *The chair of the General Shareholders' Meeting may authorise the in-person or remote attendance of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant in-person or remote access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation."*

**"Article 23. Right to Proxy Representation**

1. *All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
2. *Proxy representatives may participate in the General Shareholders' Meeting in person or remotely, as provided in the call to meeting.*
3. *Proxies must be given in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence), in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.*
4. *Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
5. *In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the*



*agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy representative, the rules established in this regard in the Governance and Sustainability System and in the implementing rules approved by the Board of Directors within the scope of its powers shall apply to the proxy.*

- 6. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy, including any means provided for authentication and participation by remote means."*

**"Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting**

- 1. The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting, who may attend in person or remotely.*
- 2. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Governance and Sustainability System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.*
- 3. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.*
- 4. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting."*

**"Article 26. Deliberations and Voting**

- 1. The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations and presentations, granting the floor to shareholders attending in person and who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the Regulations for the General Shareholders' Meeting, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these By-Laws; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.*



2. *The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or the secretary for the General Shareholders' Meeting, the appropriate persons under sections 3 and 4 of Article 24, respectively, shall assume the duties thereof.*
3. *Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders' Meeting."*

**"Article 27. Absentee Voting**

1. *Shareholders may cast their absentee vote in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence) on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
2. *Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.*
3. *Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
4. *The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.*

*Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.*

5. *The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
6. *The provisions of the preceding sections of this article shall not apply to shareholders or their proxy representatives if they attend the General Shareholders' Meeting remotely. The casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers."*





## ITEM NUMBER NINE ON THE AGENDA

**Amendment of Article 32 of the *By-Laws* to include the approval of a climate action plan.**

### RESOLUTION

Amendment of Article 32 of the *By-Laws* to include the approval of a climate action plan. Said article shall hereafter read as follows:

***“Article 32. Powers of the Board of Directors***

1. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.*
2. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:*
  - a) *Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of day-to-day administration and effective management of each of the businesses.*
  - b) *Supervise the general development of the aforementioned policies, strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.*
  - c) *Decide on matters of strategic importance at the Group level.*
3. *The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
4. *The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the Purpose and Values of the Iberdrola group and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these By-Laws and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.*

*In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.*



5. *The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company.*

## ITEM NUMBER TEN ON THE AGENDA

**Amendment of Articles 35 and 36 of the By-Laws to update the rules on the ways of holding meetings of the Board of Directors and of its committees.**

### RESOLUTION

Amendment of Articles 35 and 36 of the By-Laws to update the rules on the ways of holding meetings of the Board of Directors and of its committees. Said articles shall hereafter read as follows:

#### **“Article 35. Meetings of the Board of Directors**

1. *The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the Regulations of the Board of Directors. Meetings shall generally take place in person at the Company’s registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Governance and Sustainability System.*
2. *If so decided by the chairman of the Board of Directors, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.*
3. *Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.”*

#### **“Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions**

1. *The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.*
2. *All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.*
3. *The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.*



4. *Unless higher majorities are provided for by law or the Governance and Sustainability System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.*
5. *The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.*
6. *The Board of Directors and its committees may adopt resolutions by vote in writing without a meeting.”*

## ITEM NUMBER ELEVEN ON THE AGENDA

**Amendment of Articles 53 and 54 of the By-Laws and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information.**

### RESOLUTION

Amendment of Articles 53 and 54 of the *By-Laws* and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information. Said articles shall hereafter read as follows:

#### **“Article 53. Financial Year**

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

#### **“Article 54. Preparation**

*Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors’ report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors’ report for the previous financial year.”*

#### **“Article 55. Verification**

1. *The separate and consolidated annual financial statements and directors’ reports must be audited by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders’ Meeting.*
2. *The external auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.”*



**“Article 56. Approval**

*The separate and consolidated annual financial statements and directors’ reports shall be submitted for the approval of the shareholders at the General Shareholders’ Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.”*

**“Article 57. Allocation of Profits/Losses**

- 1. The shareholders shall decide at the General Shareholders’ Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.*
- 2. If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.*
- 3. The shareholders may resolve at the General Shareholders’ Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.*
- 4. The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital.”*

**“Article 58. Preparation**

*The Board of Directors shall prepare the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System, presenting a clear and accurate statement of the Company’s social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders. In particular, said statement of non-financial information shall also report on the level of achievement and any updates of the climate action plan approved by the Board of Directors.”*

**“Article 59. Verification**

- 1. The statement of non-financial information must be reviewed by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.*
- 2. The provider of said service must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.”*

**“Article 60. Approval**

*The statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders’ Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.”*



## ITEM NUMBER TWELVE ON THE AGENDA

**Amendment of Articles 55 and 56 of the *By-Laws*, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI.**

### RESOLUTION

Amendment of Articles 55 and 56 of the *By-Laws*, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI. Said articles shall hereafter read as follows:

#### **“Article 61. Dissolution**

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

#### **“Article 62. Liquidation**

- 1. The Company shall be governed by applicable legal provisions and the provisions of the Governance and Sustainability System during the liquidation period and until its termination.*
- 2. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.*
- 3. The provisions of these *By-Laws* governing the call to and holding of General Shareholders' Meetings shall be complied with during the liquidation.*
- 4. The corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the Purpose and Values of the Iberdrola group and its Code of Ethics, as well as the legitimate rights of all of its Stakeholders.”*

## ITEM NUMBER THIRTEEN ON THE AGENDA

**Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38, 39, 40 and 41 of the *Regulations for the General Shareholders' Meeting* in order to update the name of the Governance and Sustainability System and to make other technical improvements.**

### RESOLUTION

Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38 (which becomes 39), 39 (which becomes 40), 40 (which becomes 41) and 41 (which becomes 42) of the *Regulations for the General Shareholders' Meeting* in order to update the name of the Governance and Sustainability System and to make other technical improvements. Articles 4, 6, 7, 8, 28, 30,



38, 38 (which becomes 39), 39 (which becomes 40) and 41 (which becomes 42) shall hereafter read as follows:

**“Article 4. Priority and Interpretation**

1. *These Regulations further develop and supplement legal and by-law provisions applicable to the General Shareholders’ Meeting, which shall prevail in the event of contradiction with the provisions hereof, and shall be interpreted in accordance with the Governance and Sustainability System, of which they form a part.*
2. *Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders’ Meeting shall be resolved by the chair thereof.”*

**“Article 6. Guide, Rules of Implementation and Management Framework for the General Shareholders’ Meeting**

1. *In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders’ Meeting, the Board of Directors shall make available thereto a guide, in the medium it deems appropriate (including a virtual assistant), in order to clearly explain the most significant aspects regarding the operation of the General Shareholders’ Meeting and the procedures established for the exercise of their rights thereat.*
2. *The Board of Directors may approve implementing rules that systematise, adapt and specify the provisions of the Governance and Sustainability System regarding the General Shareholders’ Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.*
3. *The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding, and formalisation of resolutions at each General Shareholders’ Meeting.*
4. *Pursuant to the provisions of the Sustainable Management Policy, the Company shall endeavour to ensure that all actions relating to the organisation of the General Shareholders’ Meeting comply with the best practices in this area.”*

**“Article 7. Function**

1. *The General Shareholders’ Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide, by the majorities required in each case, those matters within their purview, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Governance and Sustainability System.*
2. *Decisions of the shareholders at a General Shareholders’ Meeting bind all shareholders, including shareholders who are absent, vote against or in blank, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.”*

**“Article 8. Types**

1. *A General Shareholders' Meeting may be annual or extraordinary.*
2. *The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve the annual financial statements, the directors' report, the allocation of profits or losses and the corporate management for the preceding financial year. Resolutions may also be adopted regarding any other matter within the purview of the shareholders, provided that any such matter appears on the agenda of the call to meeting or is legally appropriate and that the required quorum for the General Shareholders' Meeting has been formed for such purpose.*
3. *Any General Shareholders' Meeting other than as provided for in the preceding section shall be deemed to be an extraordinary General Shareholders' Meeting.”*

**“Article 28. Duties of the Secretary for the General Shareholders' Meeting**

1. *The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:*
  - a) *To declare the Presiding Committee to be formed.*
  - b) *By delegation from the chair, to prepare the list of attendees, for which purpose the secretary shall have such assistance, means and system as are determined by the chair.*
  - c) *By delegation from the chair, to report to the shareholders at the General Shareholders' Meeting regarding the quorum, stating the number of shareholders present in person and by proxy, with an indication of the percentage of share capital they represent, as well as the number of shares represented in person and by proxy, also with the foregoing specification.*
  - d) *To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders' Meeting pursuant to law or the Governance and Sustainability System.*
  - e) *To draw up the minutes of the General Shareholders' Meeting, if applicable.*
  - f) *To exercise, at the direction of the chair of the General Shareholders' Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.”*

**“Article 30. List of Attendees**

1. *Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy representatives, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to the capital that corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Governance and Sustainability System.*



2. *The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair.*
3. *If the meeting is held in different places pursuant to the provisions of these Regulations, the list of attendees shall also specify the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.*
4. *The list of attendees shall be attached to the minutes of the General Shareholders' Meeting."*

**"Article 39. Continuation**

1. *Upon good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.*
2. *Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the Governance and Sustainability System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of Article 42.3."*

**"Article 40. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting**

1. *Shareholders may cast their absentee vote regarding proposals relating to the items included in the agenda of the call to meeting by the means indicated in section 2 of Article 19 above. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.*
2. *In order to vote by postal correspondence, shareholders must send to the Company the duly completed and signed attendance, proxy and absentee voting card issued in their favour by the corresponding institution, setting forth thereon the direction of their vote, their abstention or their blank vote.*
3. *Votes through the form available on the corporate website shall be cast using the means referred to in letter b) of Article 19.2 above.*
4. *Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day for the holding of the General Shareholders' Meeting on first call or second call, as applicable.*
5. *The absentee votes referred to in this article shall be rendered void:*
  - a) *By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.*





- b) *By attendance at the meeting of the shareholder casting the vote.*
  - c) *If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.*
6. *If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.*
7. *As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant a proxy using any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.*
8. *The Board of Directors is authorised to further develop the rules, means and procedures adjusted to current techniques in order to organise the casting of votes by other means, in each case in accordance with the rules and regulations issued for such purpose.*

*Specifically, the Board of Directors may: (i) establish rules for the use of personal passwords and other guarantees other than electronic signatures and the instant authentication system for casting votes by electronic correspondence or by other valid remote means of communication, as well as establish and regulate the appropriate assurances in the case of telephone communication; (ii) reduce the advance period established above for receipt by the Company of absentee votes cast by postal or electronic correspondence or by other means of remote communication; and (iii) accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation from either of them to accept, absentee votes received after such period, to the extent allowed by the means available.*

9. *The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.*
10. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, information and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through intermediary and management institutions or depositaries of shares, all in accordance with the provisions set forth in the*



*Company's Governance and Sustainability System and in the rules that the Board of Directors may establish in order to further develop such provisions."*

**"Article 42. Approval of Resolutions and Announcement of Voting Results**

1. *The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the majorities required by law or the By-Laws. Each voting share, whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in Article 28 of the By-Laws, other instances in which the By-Laws provide for the suspension of voting rights, or the restrictions established by law.*
2. *Except in cases in which the law or the By-Laws require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.*
3. *For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the By-Laws, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.*
4. *Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders' Meeting, regarding the direction of their vote for such statements to be recorded in the minutes of the meeting.*
5. *Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any."*

Articles 9 and 20 shall read as proposed under item number fourteen on the agenda and Articles 19, 29 and 40 (which becomes 41) as proposed under item number fifteen on the agenda, which includes in all cases the update of the name of the Governance and Sustainability System.



## ITEM NUMBER FOURTEEN ON THE AGENDA

**Amendment of Articles 9 and 20 of the *Regulations for the General Shareholders' Meeting* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.**

### RESOLUTION

Amendment of Articles 9 and 20 of the *Regulations for the General Shareholders' Meeting* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement. Said articles shall hereafter read as follows:

#### **“Article 9. Powers**

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the By-Laws, these Regulations or other rules of the Governance and Sustainability System, and particularly regarding the following:*
  - A. *With respect to the Board of Directors and the directors:*
    - a) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
    - b) *The approval of the establishment and application of systems for remuneration of the directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
    - c) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
    - d) *The commencement of derivative liability actions against directors.*
  - B. *With respect to the annual financial statements and corporate management:*
    - a) *The approval of the separate annual financial statements and directors' report of the Company and of the annual financial statements and directors' report of the Company consolidated with those of its subsidiaries.*
    - b) *The approval of the statement of non-financial information.*
    - c) *The allocation of profits/losses.*
    - d) *The approval of corporate management.*
  - C. *With respect to amendments to the rules of the Governance and Sustainability System:*
    - a) *The amendment of the By-Laws.*
    - b) *The approval and amendment of these Regulations.*





- c) *The approval of the director remuneration policy upon the terms provided by law.*
- D. *With respect to an increase or reduction in share capital, acquisition of own shares and issue of debentures:*
- a) *An increase or reduction in share capital.*
  - b) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - c) *The delegation to the Board of Directors of the power to carry out an increase in share capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
  - d) *The exclusion or limitation of pre-emptive rights.*
  - e) *The authorisation for the derivative acquisition of the Company's own shares.*
  - f) *The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- E. *With respect to structural changes of the Company and functionally similar operations and related-party transactions:*
- a) *The transformation of the Company.*
  - b) *The merger or split-off of the Company upon the terms provided by law.*
  - c) *The overall assignment of assets and liabilities.*
  - d) *The transfer of the registered office abroad.*
  - e) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.*
  - f) *The acquisition, transfer or contribution of key assets from or to another company.*
  - g) *The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.*



*F. With respect to statutory auditors:*

- a) *The appointment, re-election and removal of the statutory auditors.*
- b) *The commencement of derivative liability actions against the statutory auditors.*

*G. With respect to the dissolution and liquidation of the Company:*

- a) *The dissolution of the Company.*
  - b) *The appointment and removal of the liquidators.*
  - c) *The approval of the final liquidation balance sheet.*
  - d) *The commencement of derivative liability actions against the liquidators.*
  - e) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their purview pursuant to law or the Governance and Sustainability System.*
3. *The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also make a pronouncement on any other reports or proposals submitted by the Board of Directors."*

**"Article 20. Attendance, Proxy and Absentee Voting Cards**

1. *The Company may issue the attendance, proxy and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also propose to the entities members of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) and to the intermediary and management institutions and depositaries in general, the form of such cards as well as the formula that must be recited in order to grant a proxy, which, in the absence of specific instructions from the party granting the proxy, may also set forth the direction in which the proxy representative is to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy and absentee voting card may also specify the identity of the proxy representative and the alternate or alternates for the proxy representative in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.*

*The Company shall ensure that the cards are uniform and include a bar code or other system that allows for electronic or remote scanning in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders' Meeting.*

2. *The proxy or voting instructions of the shareholders acting through intermediary and management institutions or depositaries may be received by the Company through any valid system or remote means of communication, signed by the shareholder or*



by the institution. The institutions may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.

3. *If an intermediary or management institution or depositary sends to the Company an attendance, proxy and absentee voting card or verification instrument of a shareholder duly identified in the document and bearing the signature, stamp and/or mechanical impression of the institution, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such institution to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.*
4. *In other respects, the other rules contained in the Governance and Sustainability System and those that may be established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.*
5. *All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote. The Company is only answerable to the entity or person validated as a shareholder pursuant to the book-entry register.”*

## ITEM NUMBER FIFTEEN ON THE AGENDA

**Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 and 43 of the *Regulations for the General Shareholders' Meeting* and addition of a new Article 37 to establish the rules for remote attendance, and numbering of the articles.**

### RESOLUTION

Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 (which becomes 41) and 43 (which becomes 44) of the Regulations for the General Shareholders' Meeting and addition of a new Article 37 to establish the rules for remote attendance, and numbering of the articles. Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 (which becomes 41) and 43 (which becomes 44) shall hereafter read as follows:

#### **“Article 11. Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda**

1. *The General Shareholders' Meeting may be held in any of the following ways:*
  - a) *In person only.*
  - b) *In person with the ability to attend remotely.*



- c) *If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.*
2. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
  - a) *The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
  - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
  - c) *The Company's corporate website.*
3. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*
  - a) *The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means).*
  - b) *The date, time and, if applicable, the place of the meeting on first call, and the agenda, with a statement of all matters to be dealt with.*
  - c) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.*
  - d) *The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*
  - e) *A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.*
  - f) *Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.*
  - g) *The address of the Company's corporate website.*
  - h) *The attendance bonus that the Board of Directors may resolve to pay to shareholders attending the General Shareholders' Meeting in accordance with the policy approved for such purpose.*



*The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.*

4. *The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law."*

**"Article 14. Corporate Website**

1. *The Company shall use its corporate website to promote the informed participation of all shareholders in the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.*
2. *From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company shall continuously publish on its corporate website in electronic format and in an organised and environmentally-friendly manner, such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:*
  - a) *The announcement of the call to the General Shareholders' Meeting.*
  - b) *The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.*
  - c) *Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of the directors, the statutory auditors and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.*
  - d) *In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the explanatory report prepared by the Board of Directors and the proposal of the Appointments Committee in the case of independent directors, and the report of said committee in other cases.*
  - e) *The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.*





- f) *The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy and absentee voting card, if any.*
  - g) *The means and procedures for attending the General Shareholders' Meeting remotely, if remote attendance is provided for.*
3. *Furthermore, after the publication of the announcement of the call to the Annual General Shareholders' Meeting, the Company shall include on its corporate website the following documentation, which the Board of Directors may group into one or more reports:*
- a) *The report on the independence of the statutory auditor prepared by the Audit and Risk Supervision Committee.*
  - b) *The related-party transactions report prepared by the Audit and Risk Supervision Committee.*
  - c) *The activities report of the Board of Directors and of the Committees thereof.*
  - d) *The integrated report.*
  - e) *Any other reports determined by the Board of Directors.*
4. *After the publication of the announcement of the call to meeting, the Company shall use its best efforts to include in its corporate website an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.*
5. *Pursuant to the provisions of applicable law, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website upon the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.*

**“Article 18. Other Attendees**

1. *The members of the Board of Directors must attend the General Shareholders' Meeting in person or remotely. The absence of any of them shall not affect the validity thereof.*
2. *The chair of the General Shareholders' Meeting may authorise the meeting to be attended in person or remotely by members of the management team, professionals and other persons with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts and any other person the chair deems appropriate. The shareholders acting at the General Shareholders' Meeting may revoke such authorisation.*
3. *Personnel from the Shareholder's Office and the person performing the duties described in Article 27.3 below shall also attend the General Shareholders' Meeting in person or remotely.”*

**“Article 19. Right to Proxy Representation**

1. *Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Governance and Sustainability System.*
2. *The proxy may be granted by delivering to the proxy representative the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means, as determined by the Board of Directors:*
  - a) *Through the financial intermediary and management institutions and depositaries in which their shares are deposited, in order for said institutions to in turn cause the instructions received to be delivered to the Company.*
  - b) *Through the proxy form available on the Company's corporate website, using the instant authentication systems implemented by the Company, recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.*

*For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.*
  - c) *Advance delivery of the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced on the Company's corporate website.*
  - d) *Sending the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.*
  - e) *By any other means of remote communication (including communication by telephone) that the Board of Directors determines to favour the participation of the largest possible number of shareholders, provided that notice thereof is given on the corporate website at the time of publishing the announcement of the call to meeting, that it provides sufficient guarantees of the authenticity and identification of the shareholder granting the proxy, and, if appropriate, that it duly ensures the security of the communications.*
3. *A proxy granted by any of the means indicated in the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is to be held on first call or on second call, as applicable.*
4. *The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means and procedures adjusted to current techniques in order to*



*organise the grant of proxies by other means, in each case in accordance with the rules and regulations issued for such purpose.*

*Specifically, the Board of Directors may: (i) establish rules for the use of personal passwords and other safeguards other than electronic signatures and the instant authentication system for the grant of proxies by electronic correspondence or by other valid remote means of communication, as well as establish and regulate the appropriate safeguards in the case of telephone communication; (ii) reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence or by other means of remote communication; and (iii) accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, proxies received after such period, to the extent allowed by the means available.*

5. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and legitimacy of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument evidencing attendance or representation by proxy.*
6. *A proxy is always revocable. Attendance in person, or remotely if permissible, by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.*
7. *A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.*
8. *A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda of the call to meeting.*
9. *If a proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions or questions arise as to the intended proxy representative or the scope of the representation, and unless otherwise expressly indicated by the shareholder, it shall be deemed that the proxy: (i) is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to meeting; (iii) contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy representative shall vote in the direction the proxy representative deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.*

*This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt and specify the provisions of the Governance and Sustainability System regarding the management of the General Shareholders' Meeting.*



10. *Before being appointed, the proxy representative shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy representative shall immediately inform the shareholder thereof. In both cases, if the proxy representative has not received new specific voting instructions regarding each of the matters on which the proxy representative has to vote on behalf of the shareholder, the proxy representative shall abstain from voting, without prejudice to the provisions of the following section.*
11. *Unless otherwise expressly indicated by the shareholder, if the proxy representative is affected by a conflict of interest and has no specific voting instructions, or if the proxy representative has them but it is deemed preferable that the proxy representative not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy representatives for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.*
12. *A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of Article 41.5 below."*

**"Article 21. Place of the Meeting**

1. *A General Shareholders' Meeting called to be held only in person or in person with the ability to attend remotely shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the registered office.*
2. *The General Shareholders' Meeting may be attended in person by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.*
3. *A General Shareholders' Meeting held exclusively by remote means shall be deemed to be held at the registered office, regardless of where the chair of the General Shareholders' Meeting is located."*

**"Article 22. Infrastructure, Equipment and Services**

1. *The premises, if any, to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment, and safety, assistance and emergency measures commensurate with the nature and location of the building and with the importance of*



*the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.*

2. *The Company may make available other licensed premises where the General Shareholders' Meeting can be held in the event of an emergency.*
3. *Appropriate controls and surveillance and protection measures, including systems for controlling access to the meeting, shall be established in order to ensure the safety of any attendees in person and the orderly conduct of the General Shareholders' Meeting.*
4. *Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording and/or transmission equipment and in general any instrument that might alter the visibility, sound or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.*
5. *The proceedings of the General Shareholders' Meeting shall be the subject of audiovisual recording, unless the chair of the General Shareholders' Meeting decides otherwise. They may also be the subject of storage and live or recorded broadcast by any means, including over the internet, and dissemination on social media, on the legal basis of the Company's legitimate interest in complying with best transparency practices. A data subject shall have the rights of access, rectification, objection, erasure and restriction of processing of the data collected by the Company on the terms established by law by sending a letter addressed to the registered office or to the Shareholder's Office (the postal address of which shall be provided by the Company for each Meeting) and at the e-mail address established by the Company for each Meeting. The data subject may also request more detailed information regarding the Company's privacy policy at the postal and electronic addresses indicated above.*
6. *Whenever reasonably possible, the Company shall endeavour to ensure that the premises, if any, at which the General Shareholders' Meeting is held have the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.*
7. *The Company shall also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose."*

***"Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results***

1. *The Company shall have the personnel and technical equipment required to perform the monitoring and counting of the attendance, proxy and absentee voting cards.*
2. *On the day of the General Shareholders' Meeting, the premises, if any, indicated for the meeting shall be supplied with the personnel and technical equipment required to*





*monitor the entry of those attending the meeting and to determine the quorum, prepare the list of attendees present in person and by proxy, and calculate the voting results.*

3. *In order to undertake such activities, the Company may, in accordance with applicable rules and regulations, ask “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) to provide a list of the Company’s shareholders and the number of shares appearing in the name of each shareholder.”*

#### **“Article 24. Shareholder’s Office**

*The Company shall set up a Shareholder’s Office in a visible place at the premises, if any, indicated for the General Shareholders’ Meeting in order to:*

- a) *Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals and vote.*
- b) *Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their presentations, if such presentations are available in writing.*
- c) *Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or by shareholders for submission at the General Shareholders’ Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders’ Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors’ reports and other documentation relating to the proposed resolutions shall also be made available to them.”*

#### **“Article 25. Opening of the Premises and Monitoring Access Thereto**

1. *If attendance in person is allowed, at the place and on the date provided in the announcement for the holding of the General Shareholders’ Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.*
2. *Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders’ Meeting is held may attend the meeting as guests (in the room where the meeting is held or, if so decided by the chair of the General Shareholders’ Meeting, in an adjoining room from where they can follow the meeting).”*

#### **“Article 26. Presiding Committee, Chair and Secretary**

1. *The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and of the other members of the Board of Directors attending the meeting (either in person or remotely). Without prejudice to the powers assigned thereto in these Regulations, the*



*Presiding Committee shall assist the chair of the General Shareholders' Meeting in performing the duties entrusted thereto.*

2. *The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the By-Laws; and in the absence of the foregoing, the person appointed by the Presiding Committee shall chair the meeting.*
3. *The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall act in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.*
4. *If the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting, the provisions of sections 2 and 3 above shall also apply as regards their situation in the performance of their duties.*
5. *In addition, the chair of the General Shareholders' Meeting may obtain the assistance of any person the chair deems appropriate."*

#### **"Article 29. Establishment of a Quorum**

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the By-Laws, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held on first or second call.*
2. *Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of Article 21.2 of the By-Laws.*
3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Governance and Sustainability System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.*



5. *In the event that the General Shareholders' Meeting must be held on second call because the number of shares legally required to hold it on first call is not present, such circumstances shall be properly recorded in the minutes of the General Shareholders' Meeting."*

**"Article 31. Requests to Make Presentations by Shareholders or their Proxy Representatives Attending in Person**

*Shareholders or their proxy representatives attending in person and desiring to make a presentation at the General Shareholders' Meeting must so request at the Shareholder's Office or of such person as is indicated for these purposes before the meeting is called to order and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent."*

**"Article 33. Establishment of a Quorum for the General Shareholders' Meeting**

1. *Prior to the commencement of the presentation period, if appropriate based on the manner of holding the General Shareholders' Meeting, and in any case prior to the voting on the proposed resolutions, the chair of the General Shareholders' Meeting or the secretary by delegation therefrom shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and of shares in attendance at the meeting, with an indication of the share capital that such shares represent. The chair, or if applicable, the secretary, may refer to the data resulting from the list of attendees projected onto the screens at the place where the meeting is held and/or through the remote attendance platform, instead of reading the data.*
2. *The chair of the General Shareholders' Meeting shall then, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.*
3. *If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, taking notice of the request to prepare the minutes of the meeting.*
4. *If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders' Meeting and record in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy."*

**"Article 34. Period for Presentations by Shareholders or their Proxy Representatives Attending in Person**

1. *Presentations by shareholders or their proxy representatives who attend in person shall be made in the order in which they are called by the secretary. No shareholder or proxy representative may make a presentation without having been granted the*



*floor or in order to deal with matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.*

2. *Shareholders or their proxy representatives must make reasonable use of their right to make a presentation with respect to both the duration thereof, which shall be a maximum of five minutes, without prejudice to the chair's powers to limit or extend such time, and the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.*
3. *At the time of registration, those shareholders or their proxy representatives who so desire may deliver the written text of their presentation to the Shareholder's Office in order to obtain a photocopy and thus facilitate the proceedings at the meeting and the preparation of the minutes. This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In this case, the Shareholder's Office shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder's presentation at the time it is made.*
4. *In addition, during the shareholder presentation period, the representative of the Company designated by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions of such representative for the latter to transmit them to the chair."*

**"Article 35. Right to Receive Information during the General Shareholders' Meeting**

1. *During the presentation period, shareholders or their proxy representatives attending in person may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of Article 31 above.*
2. *The Company shall provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of Article 15 above and without prejudice to the provisions of section 5 thereof.*
3. *The information or clarifications requested shall be provided by the chair or by any other person designated thereby.*
4. *If it is not possible to respond to the request for information, clarification or question during the proceedings, the response shall be sent in writing within the next seven days.*



5. *A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting."*

**"Article 36. Order of Presentations, Requests and Proposals by Shareholders or their Proxy Representatives Attending in Person**

1. *The powers of shareholders or their proxy representatives attending in person to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which the proposals should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, the proposals are excluded by law, or the proposals infringe upon the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide without such resolutions appearing on the agenda of the call to meeting.*
2. *In the exercise of the chair's powers to ensure the orderly conduct of the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:*
  - a) *Extend the time initially allocated to each presenting party, when the chair deems it appropriate.*
  - b) *Decide the order in which answers will be provided and whether such answers will be given following each presentation period or collectively and, if appropriate, in summarised form after the last presentation.*
  - c) *End the shareholder presentation period.*
  - d) *Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.*
  - e) *Call the presenting parties to order so that they limit their presentation to business properly before the General Shareholders' Meeting and refrain from making improper statements or exercising their right to make presentations in an abusive or obstructionist manner.*
  - f) *Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding paragraph, withdraw the floor therefrom.*
  - g) *Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.*
3. *The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair*





*may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.*

- 4. The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda of the call to meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of Article 41.4 of these Regulations shall apply, without prejudice to the chair's ability to decide on the use of other procedures or alternative voting systems."*

**"Article 37. Particular Rules regarding Remote Attendance by Shareholders or their Proxy Representatives**

- 1. Pursuant to the provisions of law and the By-Laws, and independently of the right to cast an absentee vote in the manner set forth in these Regulations, shareholders with the right to attend or their proxy representatives may attend the General Shareholders' Meeting remotely using such means as may be established by the Board of Directors in view of the state of the art and having verified the appropriate conditions of security and simplicity.*
- 2. If the Board of Directors provides for a General Shareholders' Meeting to be held in person with the ability to attend remotely or exclusively by remote means, the call to meeting and/or the corporate website, as appropriate, shall provide a description of the deadlines, forms and methods for the remote exercise of shareholder rights established by the Board of Directors, observing the provisions of law and the By-Laws, to allow for the proper conduct of the meeting.*
- 3. The connection to the software application to remotely attend the General Shareholders' Meeting should be made as much in advance of the time scheduled for the start of the meeting as is stated in the call to meeting. Shareholders or their proxy representatives shall be deemed not present if they initiate the connection after the deadline set for this purpose.*
- 4. The Board of Directors shall determine the period for sending presentations, requests for information during the General Shareholders' Meeting and proposed resolutions that shareholders or their proxy representatives attending remotely wish to make through the remote attendance software application in accordance with law and the By-Laws, and may also establish reasonable extensions of time. The provisions of Article 36.4 above of these Regulations, insofar as applicable, shall apply to any proposed resolutions validly submitted by remote attendees.*
- 5. The replies to the requests for information referred to in the preceding section, when appropriate, shall be given during the meeting itself or in writing within seven days following the holding of the General Shareholders' Meeting."*

**"Article 41. Voting on Proposed Resolutions**

- 1. Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these Regulations, the proposed*



resolutions regarding matters included in the agenda of the call to meeting and any others that, pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Governance and Sustainability System, shall be submitted to a vote. The period for remote voting, if applicable, shall begin from the time that the chair of the General Shareholders' Meeting declares the establishment of a valid quorum thereat until the time that the proposed resolutions are formally submitted to a vote as provided above, or such later time as may be indicated by the chair of the General Shareholders' Meeting.

2. *The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the By-Laws, that of each article or discrete group of articles, and (iii) those matters for which this is provided in the Governance and Sustainability System.*
3. *The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders' Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be deemed automatically withdrawn and therefore not be voted upon.*
4. *As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:*
  - a) *In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank or abstain, stating so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders' Meeting) for note thereof to be taken in the minutes of the meeting; shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed votes in favour.*
  - b) *In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank or abstain, by communicating or expressing their vote or abstention to the notary public (or, in*



*the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.*

5. *If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.*
6. *Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients."*

#### **"Article 44. Minutes**

1. *The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.*
2. *Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the By-Laws.*
3. *In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not require approval.*
4. *If the General Shareholders' Meeting is held exclusively by remote means, the minutes of the meeting must be drawn up by a notary public."*

## **ITEM NUMBER SIXTEEN ON THE AGENDA**

### ***Director Remuneration Policy.***

#### **RESOLUTION**

To approve the *Director Remuneration Policy*, the full text of which, together with the required report of the Remuneration Committee, is included in the explanatory report of the Board of Directors made available to the shareholders as part of the documentation relating to the General Shareholders' Meeting as from the date of publication of the announcement of the call to meeting.



## ITEM NUMBER SEVENTEEN ON THE AGENDA

**Allocation of profits/losses and distribution of 2020 dividends, the supplementary payment of which will be made within the framework of the “Iberdrola Retribución Flexible” optional dividend system.**

### RESOLUTION

To approve the proposed allocation of profits/losses and distribution of dividends for financial year 2020 formulated by the Board of Directors at its meeting held on 23 February 2021, which is described below:

To distribute, with a charge to the results for the financial year ended 31 December 2020 and to the remainder from prior financial years, a dividend in the aggregate gross amount that will be equal to the sum of the following amounts (the “**Dividend**”):

- a) 266,013,034.73 euros, which were paid on account of the dividend for financial year 2020 on 8 February 2021 to the holders of 1,583,410,921 shares of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) who elected to receive their remuneration in cash within the framework of the second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2020 by collecting an amount of 0.168 euro (gross) per share (the total amount paid to said holders will be referred to as the “**Total Interim Dividend**”); and
- b) the determinable amount resulting from multiplying:
  - i. the gross amount per share to be distributed by the Company as a supplementary dividend payment for financial year 2020 within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021 (the “**Supplementary Dividend**”), and which will be as determined by the Company’s Board of Directors pursuant to the rules set forth in the section “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”); by
  - ii. the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021.

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be implemented together with the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number eighteen on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of Iberdrola can choose when receiving their remuneration



within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021. As a result of the foregoing, and as described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.

The distribution of the Supplementary Dividend, which is expected to become effective during the month of July 2021, shall be implemented through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised to establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the distribution.

The Board of Directors is also delegated the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.

Finally, pursuant to the provisions of Section 249 *bis.1*) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

The basis for distribution and the resulting proposed distribution (expressed in euros) is as follows:

**BASIS FOR DISTRIBUTION:**

Balance from prior financial years:	11,018,466,080.53
Profits for financial year 2020:	2,291,562,828.64
<b>TOTAL:</b>	<b>13,310,028,909.17</b>

**DISTRIBUTION:**

To Dividend:	Amount pending determination which will result from adding: (a) the Total Interim Dividend; and (b) the product resulting from multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021.
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To remainder:

Determinable amount that will result from subtracting the amount allocated to the Dividend from the total basis for distribution.

**TOTAL:**

**13,310,028,909.17**

On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda (and therefore, to commence the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2021), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2021 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.

The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda.

## ITEM NUMBER EIGHTEEN ON THE AGENDA

**First increase in capital by means of a scrip issue at a maximum reference market value of 1,725 million euros in order to implement the "Iberdrola Retribución Flexible" optional dividend system.**

### RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the "**Company**" or "**Iberdrola**") upon the terms and conditions described in the section below, entitled "Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**"), at a maximum reference market value of 1,725 million euros for the shares to be issued in implementation of said increase.

The increase in capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders' Meeting under item seventeen on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried



out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.I) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.”

This increase in capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item number seventeen on the agenda during the month of July 2021.

## ITEM NUMBER NINETEEN ON THE AGENDA

**Second increase in capital by means of a scrip issue at a maximum reference market value of 1,250 million euros in order to implement the “Iberdrola Retribución Flexible” optional dividend system.**

### RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of 1,250 million euros for the shares to be issued in implementation of said increase.

The increase in capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2021, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.I) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.”

This increase in capital is expected to be implemented together with the Interim Dividend payment during the month of January 2022.



## COMMON TERMS AND CONDITIONS OF THE DIVIDEND DISTRIBUTION AND INCREASE IN CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS NUMBER SEVENTEEN, EIGHTEEN AND NINETEEN ON THE AGENDA, BY VIRTUE OF WHICH THE “IBERDROLA RETRIBUCIÓN FLEXIBLE” OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED

### 1. Main characteristics of the “Iberdrola Retribución Flexible” optional dividend system

The purpose of the resolutions for the allocation of profits/losses and dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda is to implement the “Iberdrola Retribución Flexible” optional dividend system pursuant to which the shareholders of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.

For this purpose, there shall be two implementations of said optional dividend system in which dividend payments shall be made (the “**Dividend Payments**”, and individually, a “**Dividend Payment**”) along with the implementations of the increases in capital (the “**Increases in Capital**”, and individually, an “**Increase in Capital**”) submitted for approval of the shareholders at the General Shareholders’ Meeting under items number eighteen and nineteen on the agenda:

- (i) The first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021, which is expected to take place during the month of July 2021 (the “**First Implementation**”), shall be carried out through the supplementary payment of the dividend for financial year 2020 contemplated in item number seventeen on the agenda (the “**Supplementary Dividend**”) together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number eighteen on the agenda.
- (ii) The second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021, which is expected to take place during the month of January 2022 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”), shall be carried out through the payment of an interim amount of the dividend for financial year 2021 (the “**Interim Dividend**”) to be approved, if appropriate, by the Board of Directors pursuant to the provisions of Section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number nineteen on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the “**Dividends**” and each of them individually as a “**Dividend**”.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):



- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of Section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company's Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.

Within the year following the date of approval of the resolutions included in items number eighteen and nineteen on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders' Meeting, and based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company's shareholders a flexible and efficient remuneration formula.

The shareholders may only elect remuneration option (a) above (i.e. receive the Dividend in question) during the "**Common Election Period**". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

As described below (see Section 3 below), if the requirements of Section 277 of the *Companies Act* to distribute the Interim Dividend are not met within the framework of the Second Implementation, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the "**Purchase Commitment**" and the "**Fixed Purchase Price**", respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have distributed as the Interim Dividend.



Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holder of free-of-charge allocation rights to communicate to the entities with which their rights are deposited regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

## 2. Amount of the Dividends

### 2.1. Gross amount per share to be distributed to the shareholders as a Supplementary Dividend in the First Implementation

The gross amount to be distributed to the shareholders as a Supplementary Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item number seventeen on the agenda and in this section (the “**Supplementary Dividend**”). The amount of the Supplementary Dividend shall be calculated in accordance with the terms set forth in this section.

During the Common Election Period for the First Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on distribution of the Supplementary Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to





receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 pursuant to the provisions of item number seventeen on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020 shall be completed.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares of the Company to which they are entitled.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.

## **2.2. Gross amount per share to be distributed to the shareholders as an Interim Dividend in the Second Implementation**

The gross amount to be distributed as an Interim Dividend, if any, for each share of Iberdrola with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2021 and pursuant to the provisions of Section 277 of the Companies Act (the “**Interim Dividend**”).

During the Common Election Period for the Second Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the Second Implementation, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR). To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind



the resolution on distribution of the Interim Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Without prejudice to the foregoing, if the requirements of Section 277 of the *Companies Act* are not met within the framework of the Second Implementation in order to distribute the Interim Dividend, the Company will make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in Section 3 below.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.

### 3. Purchase Commitment within the framework of the Second Implementation

If the requirements of Section 277 of the *Companies Act* are not met to distribute the Interim Dividend within the framework of the Second Implementation, the Company will make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.

As soon as the Company verifies that the requirements of Section 277 of the *Companies Act* are not met, it shall communicate this circumstance to the market.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the Interim Dividend (see Section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to distribute the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to exercise the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the



newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of Section 311 of the *Companies Act*, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.

#### 4. Common characteristics of the Increases in Capital

The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in Section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”).

Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of Implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.

Pursuant to the provisions of Section 311 of the *Companies Act*, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share



capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.

#### 4.1 New Shares to be issued in each of the Increases in Capital

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of Iberdrola that have previously been retired by virtue of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item number six on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

Provisional number of shares = Amount of the Option / ListPri.

For these purposes, "**Amount of the Option**" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed increase in capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items number eighteen and nineteen on the agenda (i.e. 1,725 and 1,250 million euros, respectively).

For its part, "**ListPri**" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market) during the five trading sessions prior to the relevant resolution adopted by the Board of Directors (with express power of



substitution) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any entity within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in Section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of Section 277 of the *Companies Act* are not met in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

Dividend (or, if applicable, Fixed Purchase Price) = ListPri / (Num. rights +1)

#### 4.2 Free-of-charge allocation rights

In each of the Increases in Capital, each outstanding share of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of Implementation of the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in Section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in Section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, Iberdrola will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of Implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of





“Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item number six on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to exercise the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of the free-of-charge allocation rights may choose between:

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of the free-of-charge allocation rights will receive for the sale thereof will depend on market conditions in general and on the listing price of said rights in particular; or
- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.

In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically



expire at the end of the trading period, without the holders thereof being entitled to receive new shares.

As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holder of free-of-charge allocation rights to communicate to the entities with which their rights are deposited regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

#### **4.3 Balance sheet for the transaction and reserve with a charge to which the Increases in Capital are carried out**

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2020, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item number one on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

#### **4.4 Representation of the New Shares**

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its member entities.



#### 4.5 Rights attaching to the New Shares

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

#### 4.6 Shares on deposit

Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of Section 117 of the *Companies Act*, at the expense and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

#### 4.7 Application for admission to trading

The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.

Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out in applicable law at such time.

### 5. Implementation of the "Iberdrola Retribución Flexible" optional dividend system Implementations

Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each of the Implementations must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).

Furthermore, it is expected that prior to 31 December 2021, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of Section 277 of the *Companies Act*. To this end, and in accordance with the provisions of



Section 161 of the *Companies Act*, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the requirements established in Section 277 of the *Companies Act* are met, to approve the distribution of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.

Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.

Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions of the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the distribution of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- (a) The New Shares shall be allocated to those who, according to the book-entry records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from Section 4 above due to not having waived them upon the terms set forth above.
- (b) The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- (c) The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of Section 277 of the *Companies Act* are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of Section 2 above.

Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the By-Laws so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).



## 6. Delegation to carry out each of the Implementations

In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):

- (a) To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.
- (b) As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.
- (c) To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.
- (d) To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.
- (e) To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.
- (f) As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).
- (g) After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).
- (h) To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.
- (i) To rescind the resolution on distribution of the corresponding Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive New Shares.
- (j) In the case of the First Implementation, to determine the aggregate total amount to be distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 pursuant to the provisions of item number seventeen on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item





on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020.

- (k) In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020.
- (l) To amend the article of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.
- (m) To waive, if appropriate, and in each of the Increases in Capital, free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item number six on the agenda, has not yet been executed or is still pending registration.
- (n) If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the requirements of Section 277 of the *Companies Act* for the distribution of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect (within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.
- (o) To take all steps required for the New Shares to be included in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.
- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation,



or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

- (q) To approve and implement such technical or other mechanisms as “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and the IBERCLEAR participants may deem necessary or appropriate in order to make any corresponding payment on account.

## 7. Sample calculation relating to the First Implementation

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be equal to the Supplementary Dividend).

The results of these calculations are not representative of those that might be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of Iberdrola shares at that time (ListPri) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- The Amount of the Option is 1,612 million euros.
- The TNShrs. is 6,240,000,000 <sup>1</sup>.
- A ListPri of 11.365 euros is assumed (solely for the purposes of this example, the listing price of the Iberdrola shares at the closing of the trading session of 5 May 2021 has been used as a reference).

Therefore:

Provisional number of shares = Amount of the Option / ListPri	$1,612,000.000 / 11.365 =$ $141,838,979.322481 = 141,838,979$ shares  (rounded downwards)
Num. rights = TNShrs. / Provisional number of shares	$6,240,000,000 / 141,838,979 =$ $43.9935484871193000 = 44$ rights  (rounded upwards)

<sup>1</sup> For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in capital provided for in the resolution corresponding to item number six on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).



NNS = TNShrs. / Num. rights	$6,240,000,000 / 44 = 141,818,181.818182 = 141,818,181$ shares (rounded downwards)
Dividend = ListPri / (Num. rights +1)	$11.365 / (44 + 1) = 0.25255555555556 = 0.253$ euro (rounded to the closest one-thousandth part of one euro)

Therefore:

- (i) The maximum number of shares to be issued in the First Implementation would be 141,818,181.
- (ii) The maximum nominal amount of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda would be 106,363,635.75 euros (141,818,181 x 0.75).
- (iii) 44 free-of-charge allocation rights (or Old shares) would be necessary for the allocation of one new share<sup>2</sup>.
- (iv) In this example, the Supplementary Dividend would be equal to 0.253 euro (gross) per share.

## ITEM NUMBER TWENTY ON THE AGENDA

### Re-election of Mr Juan Manuel González Serna as independent director.

#### RESOLUTION

To re-elect Mr Juan Manuel González Serna as director, upon the proposal of the Appointments Committee, for the by-law mandated four-year term, with the classification of independent director.

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<sup>2</sup> In this example, the Company (or an entity of its group that holds shares of the Company) would be required to waive 36 free-of-charge allocation rights corresponding to 36 own shares in order for the number of shares to be issued to be an integer.



## ITEM NUMBER TWENTY-ONE ON THE AGENDA

**Re-election of Mr Francisco Martínez Córcoles as executive director.**

### RESOLUTION

To re-elect Mr Francisco Martínez Córcoles as a director, after a report from the Appointments Committee, for the by-law mandated four-year term, with the classification of executive director.

## ITEM NUMBER TWENTY-TWO ON THE AGENDA

**Ratification and re-election of Mr Ángel Jesús Acebes Paniagua as independent director.**

### RESOLUTION

To ratify the appointment of Mr Ángel Jesús Acebes Paniagua as a director appointed on an interim basis by resolution of the Board of Directors, upon a proposal of the Appointments Committee, adopted at the meeting held on 20 October 2020 and to re-elect him, also upon a proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

## ITEM NUMBER TWENTY-THREE ON THE AGENDA

**Setting of the number of members of the Board of Directors at fourteen.**

### RESOLUTION

To set the number of members of the Board of Directors at fourteen.

## ITEM NUMBER TWENTY-FOUR ON THE AGENDA

**Authorisation to issue simple debentures or bonds and other fixed-income securities, not exchangeable for or convertible into shares, with a limit of 6,000 million euros for promissory notes and 30,000 million euros for other fixed-income securities, as well as to guarantee issues of subsidiaries.**

### RESOLUTION

#### 1. Authorisation to the Board of Directors to issue securities

To authorise the Board of Directors to issue simple debentures or bonds, notes and other fixed-income securities of a similar nature, not exchangeable or convertible into shares.

#### 2. Term

The issuance of the securities covered by the authorisation may be effected on one or more occasions within a maximum period of five years following the date of approval of this resolution.



### 3. Maximum amount

- (a) The total maximum net amount of simple debentures or bonds and of other fixed-income securities of a similar nature (other than notes) issued under this authorisation may not exceed 30,000 million euros or the equivalent thereof in another currency. This limit is independent of the limit set out in paragraph (b) below.
- (b) The total maximum net amount of the notes issued under this authorisation may not exceed 6,000 million euros or the equivalent thereof in another currency. This limit is independent of the limit set out in paragraph (a) above.

In order to determine whether each of these limits has been reached, the amounts corresponding to repayments or repurchase made or occurring during the effective term of this authorisation term shall be deducted from new issues approved under this authorisation.

### 4. Scope

For each issue, the Board of Directors shall determine, among other things: the nominal value, the issue price, the redemption price, the currency, the form of representation, the interest rate, the repayment terms, the subordination clauses, the security, the place of issue, the applicable law, the setting of the internal rules of the bond syndicate and the appointment of the syndicate representative (*comisario*) (in the case of an issue of simple debentures or bonds), if required, as well as the performance of any formalities necessary for the implementation of the specific issues to be carried out under this authorisation.

In addition, the Board of Directors is authorised such that, when it deems it appropriate and subject, if applicable, to any appropriate authorisations being secured and to the consent of security-holders coming together at a meeting of the corresponding syndicates of security-holders, it may modify the terms and conditions applicable to the repayment of the fixed-income securities issued as well as the respective period thereof, and the rate of interest, if any, accrued by the securities included in each of the issuances effected under this authorisation.

### 5. Admission to trading

The Company shall, when appropriate, make application for the admission to trading of the securities issued within the framework of this authorisation on Spanish or foreign, organised or unorganised, and regulated or unregulated markets, and the Board of Directors shall be authorised, as broadly as required by law, to carry out all acts and formalities that may be required for these purposes with the appropriate authorities of the various Spanish or foreign securities markets.

It is expressly stated for the record that if application is subsequently made for delisting of the securities issued by the Company pursuant to this authorisation, it shall be made in compliance with the same formalities as the application for listing, to the extent any such formalities are required, and in such case, the interests of the shareholders, debenture-holders or other security-holders opposing or not voting on the resolution shall be safeguarded as provided by applicable law.

In addition, it is expressly stated that the Company undertakes to abide by stock market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued trading and delisting.





## 6. Guarantee in support of issues of fixed-income securities

The Board of Directors is also authorised to guarantee, on behalf of the Company and within the limits set forth above, new issues of securities by subsidiaries during the effective period of this resolution.

## 7. Power of substitution

The Board of Directors is expressly authorised to further delegate the powers referred to in this resolution.

## 8. Revocation of current authorisation

This resolution deprives of effect, to the extent of the unused amount of the issues, the authorisation to issue simple debentures or bonds and other fixed-income securities of a similar nature, including notes, given for such purpose to the Board of Directors by the shareholders acting at the General Shareholders' Meeting held on 31 March 2017, without prejudice to the effectiveness thereof as to the amount already used for the issues made and the guarantees provided or promised prior to this resolution.

# ITEM NUMBER TWENTY-FIVE ON THE AGENDA

**Delegation of powers to formalise and to convert the resolutions adopted into a public instrument.**

## RESOLUTION

Without prejudice to the powers delegated in the preceding resolutions, to jointly and severally authorise the Board of Directors, the Executive Committee, the chairman & CEO, and the secretary and the deputy secretaries of the Board of Directors of IBERDROLA, S.A., such that any of them may:

- (a) formalise and convert into public instruments the resolutions adopted by the shareholders at this General Shareholders' Meeting, further developing, clarifying, specifying, interpreting, completing and correcting them, carrying out such acts or legal transactions as may be necessary or appropriate for the implementation thereof, execute such public or private documents as they deem necessary or appropriate for the full effectiveness thereof, and correct all omissions, defects or errors, whether substantive or otherwise, that might prevent the recording thereof with the Commercial Registry;
- (b) approve or vote in favour of the approval of the annual financial information for the financial year ended 31 December 2020 of the country subholding companies and other subsidiaries of IBERDROLA, S.A., which form part of the scope of consolidation of its annual financial statements;
- (c) deposit with the Commercial Registry the separate annual financial statements of IBERDROLA, S.A. and the annual financial statements thereof consolidated with those of its subsidiaries, as well as the corresponding directors' and audit reports;
- (d) deposit the *Statement of Non-Financial Information. Sustainability Report 2020* with the Commercial Registry as well as with the bodies it deems appropriate;



- (e) formulate the restated text of the *By-Laws*, including the amendments approved at this General Shareholders' Meeting;
- (f) formulate the restated text of the *Regulations for the General Shareholders' Meeting*, including the amendments approved at this General Shareholders' Meeting;
- (g) in the exercise of the powers vested therein by the Governance and Sustainability System, approve appropriate modifications of the other internal rules of the Company in order to conform the text thereof to the changes made to the *By-Laws* and to the *Regulations for the General Shareholders' Meeting*;
- (h) resolve any questions regarding the interpretation of the *By-Laws* and the *Regulations for the General Shareholders' Meeting* as well as any other rule of the Governance and Sustainability System;
- (i) implement the resolution regarding the reduction in capital referred to in item number six on the agenda, in accordance with the provisions of the *Shareholder Remuneration Policy*;
- (j) implement the resolutions regarding shareholder remuneration referred to in items number seventeen to nineteen on the agenda, in accordance with the provisions of the *Shareholder Remuneration Policy*;
- (k) register with the Commercial Registry the resolutions regarding the composition of the Board of Directors referred to in item numbers twenty to twenty-three of the agenda;
- (l) in accordance with the provisions of the Company's *Sustainable Management Policy*, obtain and become aware of the opinion and expectations of the shareholders and other Stakeholders affected by the General Shareholders' Meeting regarding the organisation of the event and, if applicable, identify opportunities for improvement for the holding of subsequent meetings;
- (m) determine all other circumstances that may be required, adopt and implement the necessary resolutions, publish the notices and provide the guarantees that may be appropriate for the purposes established by law, as well as formalise the required documents, carry out all necessary proceedings and comply with all requirements under the law for the full effectiveness of the resolutions adopted by the shareholders at this General Shareholders' Meeting; and
- (n) delegate all or any of the powers enumerated in this resolution and those expressly granted thereto by the shareholders at this General Shareholders' Meeting in the resolutions adopted under the foregoing items on the agenda, to the extent allowed by law, to the persons they deem appropriate.

## ITEM NUMBER TWENTY-SIX ON THE AGENDA

### *Annual Director Remuneration Report 2020.*

#### RESOLUTION

To approve, on a consultative basis, the *Annual Director Remuneration Report* for financial year 2020.



## ITEM NUMBER TWENTY-SEVEN ON THE AGENDA

### *Climate Action Policy.*

#### RESOLUTION

Approve, on a consultative basis, the *Climate Action Policy* of IBERDROLA, S.A. (the “**Company**”), which was amended by the Board of Directors on 19 April 2021 and is published on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)).

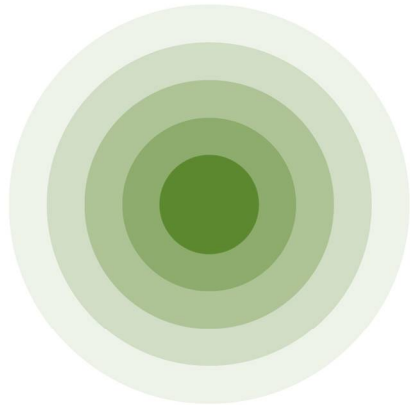
This consultative vote forms part of the company’s engagement with shareholders in order to know their opinions and concerns, which are taken into account by the Board of Directors in preparing the agenda for the General Shareholders’ Meeting.

The *Climate Action Policy* is the framework defined by the Board of Directors to guide the strategy and business model of the Iberdrola group in a manner consistent with its commitment to combating climate change, which is one of the biggest challenges on the international agenda for states and multilateral agencies as well as for the Company’s institutional investors and shareholders.

To face this challenge, the *Climate Action Policy* sets out the long-term objective of neutrality in greenhouse gas emissions, as well as the Company’s major principles and positions in this area, but does not set its strategy or the specific content of the climate action plan, which will be regularly approved and updated by the Board of Directors.

Given its consultative nature, the purpose of this vote is to obtain the opinion of shareholders on this new *Climate Action Policy* to be taken into account in the ongoing update of the Governance and Sustainability System, and particularly in future amendments of said policy, by the Board of Directors.

In Bilbao, on 11 May 2021



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors**

Proposed amendments of  
the *By-Laws* included in  
items number five and  
seven to twelve on the  
agenda



## REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE *BY-LAWS* INCLUDED IN ITEMS NUMBER FIVE, SEVEN, EIGHT, NINE, TEN, ELEVEN AND TWELVE ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

### 1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) in order to provide a rationale for the proposed amendments of the *By-Laws* included in items number five, seven, eight, nine, ten, eleven and twelve on the agenda.

Based on the distinct nature of the amendment of Article 10 of the *By-Laws* proposed under item six on the agenda for the 2021 General Shareholders' Meeting, which is intended to reflect the amount of share capital resulting from the reduction thereof by means of the retirement of own shares, said proposed amendment is the subject of a separate report of the Board of Directors.

Pursuant to the provisions of Section 286 of the *Companies Act (Ley de Sociedades de Capital)*, the Board of Directors has prepared this report setting out the purpose of and rationale for the proposed amendments of the *By-Laws* included in items number five, seven, eight, nine, ten, eleven and twelve on the agenda, attaching said proposed amendments below.

In addition, to help the shareholders compare the new text of the articles of the *By-Laws* proposed to be amended and the text currently in effect, attached to this report as an annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text currently in force, which is contained in the left-hand column.

### 2. Purpose of and rationale for the proposals

The amendment of the *By-Laws* submitted to the shareholders for approval at the General Shareholders' Meeting is primarily intended to:

- a) update the text of the Preamble to *the By-Laws* in accordance with the content of Book Two on the Purpose of the Governance and Sustainability System and amend said Preamble together with certain articles to adjust the name of that System and include other technical improvements;
- b) conform the text of the *By-Laws* to the amendments made to the *Companies Act* by *Law 5/2021, of 12 April amending the restated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement at listed companies (“Law 5/2021”)*, particularly in connection with the encouragement of long-term shareholder engagement;
- c) regulate remote attendance at the General Shareholders' Meeting, including the possibility of holding the meeting exclusively by remote means when the circumstances make it advisable;





- d) include among the powers of the Board of Directors that of approving and updating a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050;
- e) update the rules applicable to the methods of holding meetings of the Board of Directors, expressly providing for the ability to hold such meetings at several connected places and the remote attendance of the directors, as well as expressly establish that the Board of Directors and the committees thereof may adopt resolutions in writing and without a meeting;
- f) further develop the rules concerning the preparation, verification and approval of the annual financial and non-financial information; and
- g) include technical improvements in the articles relating to the dissolution and liquidation of the Company and group such provisions within a new Title VI.

A detailed description of the rationale for the amendments affecting each of the articles or groups of articles of the *By-Laws* is set forth in the sections below.

### 2.1 Updating the Preamble to the *By-Laws* and the name of the Governance and Sustainability System and inclusion of other technical improvements

At the forefront of international best practices and in light of environmental, social and corporate governance (ESG) standards, the Company has further developed its former Corporate Governance System, reorganising and expanding its content, in order to give prominence to environmental and climate change action performance, social commitment and best corporate governance practices. All this is reflected, in particular, in the new name thereof: Governance and Sustainability System.

Said Governance and Sustainability System constitutes the internal organisation of Iberdrola and its group and is established, in exercise of the corporate autonomy that the law supports, to ensure through its rules the realisation of its purpose and values and the achievement of its business ends and goals. It is made up of Book One (*By-Laws*), Book Two (Purpose), Book Three (Environment and Climate Change), Book Four (Social Commitment) and Book Five (Corporate Governance).

The Governance and Sustainability System as a whole and, in particular, the *By-Laws*, approved by the shareholders at the General Shareholders' Meeting and the primary source of the internal system of rules, are inspired by, based on and should be interpreted in accordance with the *Purpose and Values of the Iberdrola group*, the corporate philosophy that guides its sustainable development strategy, the general principles and foundations of which are set forth in the *General Sustainable Development Policy*.

The *Purpose and Values of the Iberdrola group*, together with the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy* (applicable to the directors, professionals and suppliers of the companies making up the Iberdrola group), thus seek to foster a culture based on ethics and a commitment to sustainable development, shared by all those participating in the value creation chain of the Iberdrola group.

Within this context, it is proposed to the shareholders at the General Shareholders' Meeting to update the text of the Preamble to the *By-Laws* in order to fully align it with



Book Two on the Purpose of the Governance and Sustainability System, reflecting the essence of an electric power company focused on a clear “*purpose*” and certain clear “*values*” that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based, and thus portrayed as an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social and good governance (ESG) requirements, and is ultimately defined as a company and institutional reality, a player in the economic and social environment in which it does business.

It is also proposed to amend the *By-Laws* (and, specifically, in addition to the Preamble, Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49) in order to replace the references to the “Corporate Governance System” with the new name “Governance and Sustainability System”.

Finally, within this block, as regards technical improvements, it is also proposed to amend: (i) Article 1 (*Company Name*), simply to remove the reference to the definition of the term “Company”, since it is now included in the Preamble; (ii) section 2.c) of Article 4 (*The Iberdrola group*), to clarify that the role of the head of business companies of the Iberdrola group in terms of day-to-day administration and effective management of each of the businesses, as well as of day-to-day control, is naturally without prejudice to observing the corporate autonomy of the subsidiaries in accordance with law; (iii) section 1 of Article 9 (*Stakeholder Engagement, Corporate Websites and Presence on Social Media*), to update the text of the *Stakeholder Engagement Policy*; and (iv) section 3 of Article 33 (*Composition of the Board of Directors and Appointment of Directors*) to adjust the text regarding the number of positions that a director can hold in other companies pursuant to the provisions of the *Regulations of the Board of Directors*.

## 2.2 Conformance to the amendments to the *Companies Act* by Law 5/2021

*Law 5/2021* was published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 13 April 2021.

The amendments made to the *Companies Act* by such law became generally effective on 3 May 2021, for which reason it is necessary to propose the conformance of the *By-Laws* to the new legal provisions requiring such conformance, within the framework of the encouragement of long-term shareholder engagement.

Based on the foregoing, the following specific amendments are proposed:

- a) Amendment of section 3 of Article 12 (*Shareholder Status*) of the *By-Laws* to include a reference to the identification of both the shareholders and the ultimate beneficial owners (within the meaning provided by law) pursuant to the new Section 497 *bis* of the *Companies Act*. Said section provides for the right of listed companies (and other persons entitled thereto) to know the identity not only of their shareholders but also of the ultimate beneficial owners, in the event that the entity or person having shareholder status pursuant to the book-entry register is an intermediary institution that keeps custody of such shares for the account of ultimate beneficial owners or another intermediary institution.



For purposes of that legal provision, an ultimate beneficial owner is deemed to be the person for whose account the intermediary institution with shareholder status pursuant to the book-entry register is acting, whether directly or through a chain of intermediaries.

- b) Amendment of section 1 of Article 17 (*Powers of the Shareholders Acting at a General Shareholders' Meeting*) of the *By-Laws*, in order to include among the powers of the shareholders at a General Shareholders' Meeting (in addition to the merely technical specification that they have the power to approve the directors' report together with the annual financial statements) the authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law, thus reflecting in the text of the *By-Laws* the rules applicable to related-party transactions at listed companies introduced by the new Sections 529 *vicies* to 529 *tervicies* of the *Companies Act*.

For the same reason, it is also proposed to amend section 1.d) of Article 28 (*Conflicts of Interest*) of the *By-Laws* to include the provision that a shareholder may also not exercise the shareholder's right to vote in connection with the approval of a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law, thus incorporating the provisions of the new Section 529 *duovicies.1* of the *Companies Act*.

- c) Amendment of section 3 of Article 33 (*Composition of the Board of Directors and Appointment of Directors*) of the *By-Laws* in order to provide that legal entities may not be appointed as directors. The new text of subsection 1 of Section 529 *bis* of the *Companies Act* provides that listed companies must be managed by a board of directors that shall be composed exclusively of natural persons.
- d) Amendment of section 4 of Article 39 (*Audit and Risk Supervision Committee*), of section 4 of Article 40 (*Appointments Committee and Remuneration Committee*) and of section 4 of Article 41 (*Sustainable Development Committee*) in order to specify certain powers of these committees, after the changes made to the *Companies Act* on the legal rules regarding related-party transactions and in relation to the power to report to the Board of Directors regarding the content of the statement of non-financial information. Specifically, it is proposed as follows:
- The Audit and Risk Supervision Committee shall have the power to report on related-party transactions and to oversee the internal procedure established by the Company for those related-party transactions for which approval has been delegated and shall not have the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.
  - The Appointments Committee ceases to have the power to report on transactions with related parties.



- The Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.

### 2.3 Remote attendance at the General Shareholders' Meeting, including the possibility of holding the meeting exclusively by remote means

The new Section 182 *bis* of the *Companies Act* allows companies (*sociedades de capital*) (including listed companies) to hold general shareholders' meetings exclusively by remote means, without the physical attendance of shareholders or representatives, if so provided for in their by-laws and if so decided by the management decision-making body in the call to meeting. The amendment to the By-Laws that includes this possibility requires the approval of a majority of at least two-thirds of the capital present in person and by proxy at the meeting.

The Company held its prior General Shareholders' Meeting on 2 April 2020 exclusively by remote means as permitted by the extraordinary legal provisions issued to address the consequences of the COVID-19 pandemic (specifically, under the provisions of Section 41 of *Royal Decree-Law 8/2020 of 17 March on extraordinary urgent measures to combat the economic and social impact of COVID-19*). It could then be verified that the technical means available make it possible to hold General Shareholders' Meetings in this way without impairing shareholder rights or impeding the participation of the shareholders, and quite similarly to a General Shareholders' Meeting held in person.

In view of the fact that the health situation continues unchanged, and under the new extraordinary legal provisions in force during financial year 2021 (specifically, Section 3.1.a) of *Royal Decree-Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, as well as on taxation*, according to the text set forth in *Royal Decree-Law 5/2021 of 12 March on extraordinary measures to support business solvency in response to the COVID-19 pandemic*), the Board of Directors has decided to call the 2021 General Shareholders' Meeting also to be held exclusively by remote means.

The foregoing shows that it is desirable to have sufficient flexibility to provide for the remote attendance of the shareholders and their representatives and to be able to hold the General Shareholders' Meeting in the most appropriate manner at a particular time and in any context, taking into account the development of remote attendance and remote communication means, without prejudice to respecting, naturally enough, the rights of the shareholders.

Based on the provisions of Section 182 of the *Companies Act* and the new legal provisions established on a permanent basis by Section 182 *bis* thereof (as supplemented, in the case of listed companies, by the provisions of the new subsection 3 of Section 521 of such law), it is proposed, first, to amend section 1 of Article 18 (the heading for which would now be *Call to and Methods of Holding a General Shareholders' Meeting*) of the *By-Laws* in order to expressly provide for the ability to attend the General Shareholders' Meeting remotely and even to hold General Shareholders' Meetings exclusively by remote means.



Therefore, in accordance with the proposed amendment, a General Shareholders' Meeting of Iberdrola could hereafter be held in any of the following ways:

- a) in person only;
- b) in person, with the ability to attend remotely (which is customarily referred to as a "hybrid meeting"); or
- c) exclusively by remote means.

In any event, the holding of General Shareholders' Meetings exclusively by remote means is subject to the existence of reasons that make it advisable to choose this method, which must be assessed by the Board of Directors in light of the circumstances at a particular time.

This rule is accompanied by an express provision to the effect that in all cases (and not only if a meeting is held exclusively by remote means, as mandated by the new subsection 3 of Section 521 of the *Companies Act*) shareholders may grant a proxy and cast an absentee vote, pursuant to the provisions of the *By-Laws*, the *Regulations for the General Shareholders' Meeting* and the implementing rules approved by the Board of Directors within the scope of its powers.

It is also proposed to amend section 1 of Article 18 of the *By-Laws* in order to expressly provide, in furtherance of the utmost transparency, that the announcement of the call to meeting must state the manner in which the General Shareholders' Meeting will be held so that the shareholders are duly informed thereof.

As a result of the foregoing, it is also proposed to amend the following articles of the *By-Laws* to regulate certain aspects of the remote attendance of the shareholders and their representatives at the General Shareholders' Meeting when it is called to be held in person with the ability to attend remotely or exclusively by remote means:

- a) Article 19 (*Shareholders' Right to Receive Information*), to provide that the Board of Directors shall determine the period and the terms upon which shareholders attending the Governance and Sustainability System may participate or request information or clarifications regarding the matters included in section one of the article.

In addition, as a technical improvement, references are included in this article to the implementing rules approved by the Board of Directors within the scope of its powers to regulate the form and periods within which a validly exercised right to receive information must be addressed and to make available to the shareholders such information and documentation as may be required.

- b) Article 20 (*Place of the Meeting*), in order to specify that if the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office, pursuant to the provisions of the new Section 182 *bis.6* of the *Companies Act*.
- c) Article 22 (*Right to Attend*), in order to include technical improvements by making a distinction between in-person and remote attendance, to specify that a meeting may





be attended remotely using the systems determined by the Board of Directors (which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting) and also to specify that other persons authorised to attend by the chair of the General Shareholders' Meeting (management personnel, professionals of the Group companies and other persons related to the Company) or those to whom the chair gives access to the meeting (media, financial analysts and any other person the chair deems appropriate) may attend the meeting in person or remotely.

- d) Article 23 (*Right to Proxy Representation*), in order to expressly establish that if the call to meeting provides for the ability to attend remotely or the General Shareholders' Meeting has been called to be held exclusively by remote means, the proxy representatives of the shareholders may also attend remotely.

Furthermore, in order to continue facilitating and encouraging the participation of the shareholders in the General Shareholders' Meeting, a generic reference to remote means of communication is included for purposes of the grant of a proxy, with particular mention of the telephone.

Finally, several references are included in this article to the implementing rules approved by the Board of Directors within the scope of its powers to regulate the grant of a proxy, the proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries, and the rules applicable in cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy representative.

- e) Article 24 (*Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting*), in order to specify that the members of the Presiding Committee of the General Shareholders' Meeting (the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting) may attend in person or remotely.
- f) Article 26 (*Deliberations and Voting*), in order to specify that the granting of the floor by the chair of the General Shareholders' Meeting to the shareholders who request the floor is limited, naturally, to those attending in person.
- g) Article 27 (*Absentee Voting*) in order, first, to make clear that the rules applicable to the casting of absentee votes prior to the holding of the General Shareholders' Meeting do not apply to the shareholders or their proxy representatives if they attend remotely, and that the casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of the *By-Laws*, the *Regulations for the General Shareholders' Meeting* and the implementing rules approved by the Board of Directors within the scope of its powers.

Second, and for the aforementioned purpose of continuing to facilitate and encourage the participation of the shareholders in the General Shareholders' Meeting, a generic reference to remote means of communication is also included for purposes of the casting of absentee votes prior to the meeting, with particular mention of the telephone.



Moreover, references are included in this article to the implementing rules approved by the Board of Directors within the scope of its powers to establish the requirements that must be complied with to cast an absentee vote and to verify and recognise the validity of absentee votes.

#### 2.4 Approval and update of a climate action plan by the Board of Directors

Climate change is one of the biggest challenges facing humanity and its governments today. Its impacts are becoming increasingly clear and society is increasingly aware that urgent action must be taken to avoid the worst-case scenarios.

Globally, efforts are aimed at keeping the planet's global temperature rise for the rest of the century as close as possible to 1.5°C, which will require global net emissions of anthropogenic carbon dioxide (CO<sub>2</sub>) to decline approximately 45% from 2010 levels by 2030, and continue to decline to approximately "net zero" by 2050. There is thus increasing urgency to make this transition and the actions taken during this decade will be key.

The energy sector, which is responsible for three-quarters of emissions, is going to be the most affected as it must substantially transform itself in the coming years. The main path towards decarbonisation in this sector is the electrification of the economy as a whole with a component based on renewable energy.

On the other hand, climate change also brings physical impacts, both extreme and chronic, that are a source of risk and for which all sectors, not just energy, must be prepared.

This is why the Iberdrola group, as an electricity company and aware of the contribution of its activities to climate goals, has for the past twenty years included environmental performance, the fight against climate change and the decarbonisation of the energy model as one of the foundations of its internal system, which is inspired by the highest standards in climate governance. During this time, it has maintained a position of global leadership in renewable energy and in the investment and operation of smart grids as key elements of decarbonisation and the associated process of electrification. So much so that it had already defined its climate change policy in 2009 and has since strengthened its climate governance framework by giving it the elements and mechanisms to make up a robust architecture in this area.

Along these lines, the fight against climate change has been the main driver of a strategy of profitable growth, which has led the Iberdrola group to invest 120,000 million euros in the last two decades with the aim of achieving a decarbonised energy model.

With 79% emissions-free production at the end of financial year 2020, the Iberdrola group has committed itself to being carbon neutral in Europe by 2030 and to reducing the intensity of its CO<sub>2</sub> emissions globally to 70g/kWh by the end of 2025, 50g/kWh by 2030, and to reach carbon neutrality at the global level by 2050.

The Company has also set for itself the goal of reducing absolute greenhouse gas (GHG) emissions in Scopes 1, 2 and 3, which goal has been approved by the *Science Based Target* initiative.



To achieve this, the Company relies on a strategic pillar, the Iberdrola group's investment plan, which is based on innovation initiatives focused on the decarbonisation of the energy mix and on increasing resilience and cementing its leadership in renewable energies, smart grids, efficient storage and clean technologies.

As an additional expression of its firm and unwavering commitment in this field, it proposes to expressly provide in Article 32 (*Powers of the Board of Directors*) of the *By-Laws* that the Board of Directors is granted the power to approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050, specifying that this plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.

Furthermore, climate change is a source of risk but also of opportunity. In this context, it is key for shareholders to have all relevant information as well as the mechanisms required to ensure informed decision-making, as well as to understand the definition of the Iberdrola group's strategy to integrate climate change, requiring the ability to exploit the significant opportunities it entails for an electricity company like Iberdrola and to properly manage the potential impacts of climate change on its activities.

To this end, the statement of non-financial information will report on the level of achievement of and any updates to the climate action plan approved by the Board of Directors, as stated in the new Article 58 of the *By-Laws* proposed to be included and referred to below in this report.

The proposed amendment of Articles 32 and 58 of the *Bylaws* strengthens the governance architecture in this area by including within the *By-Laws* the preparation and update of a climate action plan. Iberdrola's strategy in the fight against climate change is also strengthened and contributes to an effective response to this challenge faced by humanity while at the same time allowing for the detection and exploitation of the opportunities it entails and from which a decarbonised and more electrified economy can derive.

## **2.5 Update of the rules applicable to the methods of holding the meetings of the Board of Directors and of the committees thereof**

In order to facilitate the performance of their work by the Board of Directors and its committees, it is proposed to include amendments in Article 35 (*Meetings of the Board of Directors*) and 36 (*Quorum for the Meeting and Majorities Required to Adopt Resolutions*) of the *By-Laws* in order to authorise remote attendance, the holding of a meeting at several connected places and the adoption of resolutions by vote in writing without a meeting.

It is thus proposed that the aforementioned Article 35 of the *By-Laws* also provide that, although meetings of the Board of Directors shall generally be held in person, if so decided by the chairman thereof, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of



such interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.

It is also proposed to amend Article 36 of the *By-Laws* by adding a new section 6 in order to expressly provide that the Board of Directors and the committees thereof may adopt resolutions by vote in writing without a meeting, which is a possibility acknowledged by Section 248.2 of the *Companies Act*, and which also requires that no director opposes this procedure.

## 2.6 Further development of the rules concerning the preparation, verification and approval of the annual financial and non-financial information

The current Title V of the *By-Laws* jointly regulates the annual financial statements (Chapter I) and the dissolution and liquidation of the Company (Chapter II).

Aware of the increasing significance of the non-financial information, the Company proposes devoting Title V of the *By-Laws* exclusively to the regulations applicable to the financial year (which continues to coincide with the calendar year, without any change in this regard) and to the preparation, verification and approval of the annual financial and non-financial information.

For these purposes, it is proposed to amend the current Articles 53 and 54 of the *By-Laws* and to include six new articles, numbered from 55 to 60, reorganising said Title V, the heading for which would now be *Financial Year and Annual Financial and Non-Financial Information*, into three chapters:

- a) Chapter I. Financial Year. Consisting of only one article (53), precisely concerning the financial year, with the text of section 1 of the former Article 53 of the *By-Laws*.
- b) Chapter II. Annual Financial Information. Consisting of four articles:
  - Article 54 (*Preparation*): it has the text of section 2 of the former Article 53 of the *By-Laws*, regarding the preparation by the Board of Directors, within the first three months of the year, of the annual financial statements, the directors' report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors' report for the previous financial year.
  - Article 55 (*Verification*): it regulates the review of the annual financial statements and the individual and consolidated directors' reports by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders' Meeting.

It is also expressly provided that the auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.

- Article 56 (*Approval*): it provides that the separate and consolidated annual financial statements and directors' reports shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes.



- Article 57 (*Allocation of Profits/Losses*): it has the text of sections 2, 3, 4 and 5 of the former Article 54 of the *By-Laws*.
- c) Chapter III. Annual Non-Financial Information. Following the same structure as in Chapter II, this chapter consists of three articles:
- Article 58 (*Preparation*): it regulates preparation by the Board of Directors of the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System. The statement of non-financial information shall present a clear and accurate statement of the Company's social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders, and shall also report on the level of achievement of the climate action plan and any updates thereto approved by the Board of Directors.
  - Article 59 (*Verification*): it regulates the review of the statement of non-financial information by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.
  - Article 60 (*Approval*): it provides that the statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes.

## 2.7 Inclusion of technical improvements in the provisions regulating the dissolution and liquidation of the Company.

Finally, it is proposed to group Articles 55 (*Grounds for Dissolution*) and 56 (*Liquidation of the Company*) of the *By-Laws*, which become the new Articles 61 (*Dissolution*) and 62 (*Liquidation*), into a new Title VI exclusively devoted to the dissolution and liquidation of the Company, making technical improvements in said articles.

Especially noteworthy is the express provision that the corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the *Purpose and Values of the Iberdrola group* and its *Code of Ethics*, as well as the legitimate rights of all of its Stakeholders, as an additional expression of the fact that the said *Purpose and Values of the Iberdrola group* constitutes the corporate philosophy guiding all of the group's actions, including at the time of liquidation thereof.

## 3. Layout of Proposed Amendments

To facilitate the proper exercise of voting rights by the shareholders, pursuant to the provisions of Section 197 *bis* of the *Companies Act* and Article 40.1 of the *Regulations for the General Shareholders' Meeting*, the proposed by-law amendments are submitted for the approval of the shareholders at the General Shareholders' Meeting grouped into seven separate blocks that will be voted on separately:

- **Item number five on the agenda:** amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and





49 of the *By-Laws* to update the name of the Governance and Sustainability System and to make other technical improvements.

- **Item number seven on the agenda:** amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the *By-Laws* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.
- **Item number eight on the agenda:** amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the *By-Laws* to regulate remote attendance at the General Shareholders' Meeting.
- **Item number nine on the agenda:** amendment of Article 32 of the *By-Laws* to include the approval of a climate action plan.
- **Item number ten on the agenda:** amendment of Articles 35 and 36 of the *By-Laws* to update the rules on the ways of holding meetings of the Board of Directors and of its committees.
- **Item number eleven on the agenda:** amendment of Articles 53 and 54 of the *By-Laws* and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information.
- **Item number twelve on the agenda:** Amendment of Articles 55 and 56 of the *By-Laws*, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI.

#### 4. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

### ***“ITEM NUMBER FIVE ON THE AGENDA***

***Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the By-Laws to update the name of the Governance and Sustainability System and make other technical improvements.***

#### ***RESOLUTION***

***Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the By-Laws to update the name of the Governance and Sustainability System and make other technical improvements. The Preamble and Articles 1, 4, 8, 9, 14, 15, 21, 30, 31, 37, 38, 42, 43, 44, 45, 46, 47 and 49 shall hereafter read as follows:***



## **"PREAMBLE**

*Pursuant to the corporate autonomy recognised by law, these By-Laws govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the "Company") are bound upon acquiring such status.*

*Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.*

*Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.*

*The provisions of the By-Laws regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear "purpose" and certain clear "values" that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a player in the economic and social environment in which it does business.*

*In the case of the Company, the By-Laws thereof define and ultimately constitute the foundation on which is built and based 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.*

*The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.*

*To the extent applicable thereto, the By-Laws and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group,*



*as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.”*

**“Article 1. Company Name**

*The name of the Company is IBERDROLA, S.A.”*

**“Article 4. The Iberdrola group**

1. *The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).*
2. *The corporate and governance structure of the Group is defined based on the following:*

*a) The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Governance and Sustainability System.*

*b) Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.*

*The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.*

*c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies in accordance with law.*

3. *All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.”*

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

1. *The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.*
2. *The Governance and Sustainability System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*



3. *The Company's Governance and Sustainability System is made up of these By-Laws, the Purpose and Values of the Iberdrola group, the Code of Ethics, the corporate policies and other governance and compliance rules.*
4. *The Purpose and Values of the Iberdrola group sets out its raison d'être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.*
5. *The Purpose and Values of the Iberdrola group also inspires and takes form in the corporate policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.*
8. *The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola group and the corporate interest.*
9. *The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors."*

**"Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media**

1. *The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations based on the principles of transparency and active listening, which allows for continuing to respond to their legitimate interests and to effectively disclose information regarding the activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.*
2. *The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.*
3. *The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection*



*with the General Shareholders' Meeting and the corporate governance of the Company, upon the terms provided by law and the Governance and Sustainability System.*

- 4. The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.*
- 5. All companies of the Group shall promote the accessibility of their respective corporate websites."*

#### **"Article 14. Shareholders and the Governance and Sustainability System**

- 1. The ownership of shares entails consent to the Governance and Sustainability System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.*
- 2. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Governance and Sustainability System."*

#### **"Article 15. General Shareholders' Meeting**

- 1. The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the Governance and Sustainability System, on the matters within their purview.*
- 2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*
- 3. The General Shareholders' Meeting is governed by the provisions of law, these By-Laws, the Regulations for the General Shareholders' Meeting, other applicable provisions of the Governance and Sustainability System and other implementing rules approved by the Board of Directors within the scope of its powers."*

#### **"Article 21. Establishment of a Quorum for the General Shareholders' Meeting**

- 1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.*
- 2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.*





3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Governance and Sustainability System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders."*

**"Article 30. Management and Representation of the Company**

1. *The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee (Comisión Ejecutiva Delegada) and, also if so decided by the Board of Directors, by one or more chief executive officers (consejeros delegados).*
2. *Each of these bodies shall have the powers set forth in these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Governance and Sustainability System, without prejudice to the provisions of law."*

**"Article 31. Regulation of the Board of Directors**

*The Board of Directors shall be governed by the provisions set forth in the law, these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Governance and Sustainability System."*

**"Article 37. Committees of the Board of Directors**

1. *The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.*
2. *The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.*
3. *The committees shall be governed by the provisions of the Governance and Sustainability System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors."*

**"Article 38. Executive Committee**

1. *If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Governance and Sustainability System.*



2. *The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.*
3. *The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.*
4. *The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.*
5. *Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (consejero coordinador), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.*
6. *Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.*

**“Article 42. Chairman and Vice-Chair or Vice-Chairs**

1. *The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.*
2. *The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.*
3. *The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.*
4. *The chairman of the Board of Directors may exercise the powers conferred upon him by law and the Governance and Sustainability System, and particularly the following:*
  - a) *To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.*
  - b) *To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the Governance and Sustainability System.*



- c) *To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.*
  - d) *To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information sufficient to deliberate on the items on the agenda.*
  - e) *To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.*
5. *The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.*
  6. *If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.*
  7. *If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.*
  8. *The same procedure shall be followed to decide the removal of a vice-chair."*

**"Article 43. Chief Executive Officer**

1. *The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers (consejeros delegados) with the powers it deems appropriate and which may be delegated pursuant to law and the Governance and Sustainability System.*
2. *In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers."*



**“Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors**

1. *The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.*
2. *If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.*
3. *The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Governance and Sustainability System.*
4. *The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Governance and Sustainability System.”*

**“Article 45. Checks and Balances System: Lead Independent Director**

1. *The Governance and Sustainability System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.*
2. *The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.*
3. *The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.*
4. *If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director (consejero coordinador), who shall be specially empowered, when the lead independent director deems it appropriate, to:*
  - a) *Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.*
  - b) *Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.*
  - c) *Coordinate, gather and reflect the concerns of the non-executive directors.*



- d) *Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.*
5. *The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.”*

**“Article 46. General Duties of Directors**

1. *The directors must carry out their office and comply with the duties imposed by law 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. *The Regulations of the Board of Directors shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.*
3. *The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.”*

**“Article 47. Term of Office**

1. *Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders’ Meeting do not resolve to remove them and they do not resign from their position.*
2. *Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Governance and Sustainability System.*
3. *Directors may be re-elected to one or more terms of four years.”*

**“Article 49. 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.*
2. *The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Governance and Sustainability System.”*

*Articles 12, 17 and 33 shall read as proposed under item number seven on the agenda, Article 19, 23, 24 and 27 as proposed under item number eight on the agenda, Article 32 as proposed item number nine on the agenda and Articles 35 and 36 as proposed under item ten on the agenda, which includes in all cases the update of the name of the Governance and Sustainability System.”*





## **“ITEM NUMBER SEVEN ON THE AGENDA**

***Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the By-Laws to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.***

### **RESOLUTION**

*Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the By-Laws to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement. Said articles shall hereafter read as follows:*

#### **“Article 12. Shareholder Status**

1. *Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Governance and Sustainability System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.*
2. *The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.*
3. *The Company may, as legally allowed, access the information needed to fully identify its shareholders and the ultimate beneficial owners, within the meaning provided by law, including addresses and means of contact for communication with them.”*

#### **“Article 17. Powers of the Shareholders Acting at a General Shareholders’ Meeting**

1. *The shareholders acting at a General Shareholders’ Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders’ Meeting or other rules of the Governance and Sustainability System, and particularly regarding the following:*
  - a) *The approval of the annual financial statements, the directors’ report, the allocation of profits or losses and corporate management.*
  - b) *The approval of the statement of non-financial information.*
  - c) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
  - d) *The approval of the director remuneration policy.*
  - e) *The approval of the establishment of systems for remuneration of the directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
  - f) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders’ Meeting, as well as from the obligation not to compete with the Company.*



- g) *The appointment, re-election and removal of the statutory auditors.*
- h) *The amendment of these By-Laws.*
- i) *An increase or reduction in share capital.*
- j) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- k) *The delegation to the Board of Directors of the power to carry out an increase in share capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
- l) *The exclusion or limitation of pre-emptive rights.*
- m) *The authorisation for the derivative acquisition of the Company's own shares.*
- n) *The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.*
- o) *The dissolution of the Company and the appointment and removal of the liquidators.*
- p) *The approval of the final liquidation balance sheet.*
- q) *The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- r) *The commencement of derivative liability actions against directors, statutory auditors and liquidators.*
- s) *The approval and amendment of the Regulations for the General Shareholders' Meeting.*
- t) *The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.*
- u) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.*
- v) *The acquisition, transfer or contribution of key assets from or to another company.*
- w) *The approval of transactions having an effect equivalent to liquidation of the Company.*



2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Governance and Sustainability System."*

**"Article 28. Conflicts of Interest**

1. *A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:
  - a) *Relieve the shareholder of an obligation or grant the shareholder a right.*
  - b) *Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.*
  - c) *Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.*
  - d) *Approve a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law.**
2. *The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.*
3. *If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated."*

**"Article 33. Composition of the Board of Directors and Appointment of Directors**

1. *The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Governance and Sustainability System.*
2. *The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.*
3. *The following may not be appointed as directors:
  - a) *Legal entities.**



- b) *Persons who hold the position of director or who are members of senior management of domestic or foreign companies competing with the Company in the energy industry or other industries, or such persons, if any, as are proposed by them in their capacity as shareholders.*
  - c) *Persons serving as directors in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges.*
  - d) *Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.*
  - e) *Persons who are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those who have interests in any way opposed to those of the Company or the Group.*
4. *The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the Governance and Sustainability System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal."*

#### **"Article 39. Audit and Risk Supervision Committee**

- 1. *The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.*
- 2. *The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.*
- 3. *The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.*
- 4. *The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations, and in any case those provided by law, except the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof."*



**“Article 40. Appointments Committee and Remuneration Committee**

1. *The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these By-Laws to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.*
2. *The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent*
3. *The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of them, as well as their secretaries, who need not be directors.*
4. *The Appointments Committee and the Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.”*

**“Article 41. Sustainable Development Committee**

1. *If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.*
2. *The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Sustainable Development Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.*

*In particular, the Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to the powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.”*





## **“ITEM NUMBER EIGHT ON THE AGENDA**

**Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the By-Laws to regulate remote attendance at the General Shareholders' Meeting.**

### **RESOLUTION**

*Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the By-Laws to regulate remote attendance at the General Shareholders' Meeting. Said articles shall hereafter read as follows:*

#### **“Article 18. Call to and Methods of Holding a General Shareholders' Meeting**

1. *A General Shareholders' Meeting must be called by the Board of Directors through an announcement published as much in advance as required by law, and which shall state the manner in which it will be held.*
2. *A General Shareholders' Meeting may be held in the following ways: in person only, in person with the ability to attend remotely, or, if there are reasons that make it advisable, exclusively by remote means. In all cases, shareholders may grant a proxy and cast an absentee vote pursuant to the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.*
3. *The announcement of the call to meeting shall be disseminated through the following media, at a minimum:*
  - a) *The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
  - b) *The website of the National Securities Market Commission.*
  - c) *The Company's corporate website.”*

#### **“Article 19. Shareholders' Right to Receive Information**

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem relevant, regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.*
2. *Shareholders attending the General Shareholders' Meeting may request such information or clarifications as they deem appropriate regarding the matters set forth in the preceding section within the period and on the terms determined by the Board of Directors in accordance with the provisions of law and the Governance and Sustainability System.*
3. *The Board of Directors shall be required to provide the information validly requested in the form and within the periods set forth in the law, in these By-Laws, in the Regulations*



*for the General Shareholders' Meeting and in the implementing rules approved by the Board of Directors within the scope of its powers, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.*

4. *The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.*
5. *The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers."*

#### **"Article 20. Place of the Meeting**

1. *The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.*
2. *If the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office."*

#### **"Article 22. Right to Attend**

1. *The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.*
2. *The General Shareholders' Meeting may be attended in person by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.*
3. *The General Shareholders' Meeting may be attended remotely using the systems determined by the Board of Directors, which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting.*
4. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.*
5. *The chair of the General Shareholders' Meeting may authorise the in-person or remote attendance of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant in-person or remote*



*access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.”*

**“Article 23. Right to Proxy Representation**

- 1. All shareholders having the right to attend may be represented at the General Shareholders’ Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
- 2. Proxy representatives may participate in the General Shareholders’ Meeting in person or remotely, as provided in the call to meeting.*
- 3. Proxies must be given in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence), in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.*
- 4. Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
- 5. In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders’ Meeting or a conflict of interest affecting the proxy representative, the rules established in this regard in the Governance and Sustainability System and in the implementing rules approved by the Board of Directors within the scope of its powers shall apply to the proxy.*
- 6. The chair of and the secretary for the General Shareholders’ Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy, including any means provided for authentication and participation by remote means.”*

**“Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders’ Meeting**

- 1. The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and the other members of the Board of Directors present at the meeting, who may attend in person or remotely.*
- 2. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Governance and Sustainability System, the Presiding Committee shall assist the chair of the General Shareholders’ Meeting in carrying out the duties thereof.*



3. *The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.*
4. *The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting."*

#### **"Article 26. Deliberations and Voting**

1. *The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations and presentations, granting the floor to shareholders attending in person and who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the Regulations for the General Shareholders' Meeting, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these By-Laws; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.*
2. *The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or the secretary for the General Shareholders' Meeting, the appropriate persons under sections 3 and 4 of Article 24, respectively, shall assume the duties thereof.*
3. *Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders' Meeting."*

#### **"Article 27. Absentee Voting**

1. *Shareholders may cast their absentee vote in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence) on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
2. *Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.*



3. *Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
4. *The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.*

*Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.*

5. *The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
6. *The provisions of the preceding sections of this article shall not apply to shareholders or their proxy representatives if they attend the General Shareholders' Meeting remotely. The casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers."*

## **"ITEM NUMBER NINE ON THE AGENDA**

**Amendment of Article 32 of the By-Laws to include the approval of a Climate Action plan.**

### **RESOLUTION**

*Amendment of Article 32 of the By-Laws to include the approval of a Climate Action plan. Said article shall hereafter read as follows:*

#### **"Article 32. Powers of the Board of Directors**

1. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.*
2. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:*
  - a) *Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of*





*business companies of the Group the duties of day-to-day administration and effective management of each of the businesses.*

- b) Supervise the general development of the aforementioned policies, strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.*
- c) Decide on matters of strategic importance at the Group level.*
- 3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
- 4. The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the Purpose and Values of the Iberdrola group and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these By-Laws and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.*

*In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.*

- 5. The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company."*

## **"ITEM NUMBER TEN ON THE AGENDA**

***Amendment of Articles 35 and 36 of the By-Laws to update the rules on the ways of holding meetings of the Board of Directors and of its committees.***

### **RESOLUTION**

*Amendment of Articles 35 and 36 of the By-Laws to update the rules on the ways of holding meetings of the Board of Directors and of its committees. Said articles shall hereafter read as follows:*

#### **"Article 35. Meetings of the Board of Directors**

- 1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the Regulations of the Board of Directors. Meetings shall generally take place in person at the Company's registered office or at the place, in Spain or abroad,*



*indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Governance and Sustainability System.*

2. *If so decided by the chairman of the Board of Directors, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.*
3. *Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat."*

#### **"Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions**

1. *The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.*
2. *All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.*
3. *The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.*
4. *Unless higher majorities are provided for by law or the Governance and Sustainability System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.*
5. *The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.*
6. *The Board of Directors and its committees may adopt resolutions by vote in writing without a meeting."*



## **“ITEM NUMBER ELEVEN ON THE AGENDA**

***Amendment of Articles 53 and 54 of the By-Laws and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information.***

### **RESOLUTION**

*Amendment of Articles 53 and 54 of the By-Laws and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information. Said articles shall hereafter read as follows:*

#### **“Article 53. Financial Year**

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

#### **“Article 54. Preparation**

*Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors’ report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors’ report for the previous financial year.”*

#### **“Article 55. Verification**

- 1. The separate and consolidated annual financial statements and directors’ reports must be audited by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders’ Meeting.*
- 2. The external auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.”*

#### **“Article 56. Approval**

*The separate and consolidated annual financial statements and directors’ reports shall be submitted for the approval of the shareholders at the General Shareholders’ Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.”*

#### **“Article 57. Allocation of Profits/Losses**

- 1. The shareholders shall decide at the General Shareholders’ Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.*
- 2. If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be*



*required or appropriate to carry out the resolution may be delegated to the Board of Directors.*

3. *The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.*
4. *The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital."*

#### **"Article 58. Preparation**

*The Board of Directors shall prepare the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System, presenting a clear and accurate statement of the Company's social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders. In particular, said statement of non-financial information shall also report on the level of achievement and any updates of the climate action plan approved by the Board of Directors."*

#### **"Article 59. Verification**

1. *The statement of non-financial information must be reviewed by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.*
2. *The provider of said service must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System."*

#### **"Article 60. Approval**

*The statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws."*

## **"ITEM NUMBER TWELVE ON THE AGENDA**

***Amendment of Articles 55 and 56 of the By-Laws, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI.***

### **RESOLUTION**

*Amendment of Articles 55 and 56 of the By-Laws, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI. Said articles shall hereafter read as follows:*



**“Article 61. Dissolution**

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

**“Article 62. Liquidation**

- 1. The Company shall be governed by applicable legal provisions and the provisions of the Governance and Sustainability System during the liquidation period and until its termination.*
- 2. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.*
- 3. The provisions of these By-Laws governing the call to and holding of General Shareholders' Meetings shall be complied with during the liquidation.*
- 4. The corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the Purpose and Values of the Iberdrola group and its Code of Ethics, as well as the legitimate rights of all of its Stakeholders.”*

In Bilbao, on 11 May 2021.





## ANNEX

Current text of the <i>By-Laws</i>	Proposed amendments
<b>PREAMBLE</b>	<b>PREAMBLE</b>
<p>Organised in 1901, Iberdrola represents a business model built on a purpose and certain values, the common denominator and main engine of which is a commitment to the creation of sustainable value in the performance of all of its activities for its professionals, suppliers and shareholders, the people to whom it supplies energy, society and other Stakeholders.</p>	<p><del>Organised in 1901, Iberdrola represents a business model built on a purpose and certain values, the common denominator and main engine of which is a commitment to the creation of sustainable value in the performance of all of its activities for its professionals, suppliers and shareholders, the people to whom it supplies energy, society and other Stakeholders.</del></p>
<p>These <i>By-Laws</i> constitute the core of its internal system of rules. Pursuant to the corporate autonomy recognised by law, they govern the corporate contract that all shareholders accept upon acquiring such status and lay the foundations and principles determining the governance of Iberdrola as the controlling entity of a multinational entity group.</p>	<p><del>These <i>By-Laws</i> constitute the core of its internal system of rules.</del>Pursuant to the corporate autonomy recognised by law, <u>they these <i>By-Laws</i> govern</u> the corporate contract <u>by which</u> all shareholders <u>accept of</u> <u>IBERDROLA, S.A. (the “Company”) are bound</u> upon acquiring such status <del>and lay the foundations and principles determining the governance of Iberdrola as the controlling entity of a multinational entity group.</del></p>
<p>The <i>By-Laws</i> go much beyond the content required by law and what is customary for listed companies in that they define in their preliminary title the foundations of Iberdrola as an independent, open holding company of an international industrial group, which is decentralised and committed to a purpose and values, as well as the Sustainable Development Goals (SDGs) approved by the United Nations. The <i>By-Laws</i> also recognise the fact that Iberdrola, due to its size and importance, constitutes an institutional reality, a focal point for many Stakeholders and for the economic and social environment in which it does business.</p> <p>The text of these <i>By-Laws</i> is inspired by the Iberdrola group’s purpose, <i>to continue building together each day a healthier, more accessible energy model, based on electricity</i>, as well as by its corporate values: sustainable energy, integrating force and driving force. The purpose and values of the Iberdrola group constitute its corporate philosophy, the ideological and axiological foundation on which its own business enterprise is based, the set of ideas, values and principles that inspire the organisation and conduct of Iberdrola and its group, guide the realisation of its object and specify and give substance to the corporate interest.</p>	<p><del>The <i>By-Laws</i> go much beyond the content required by law and what is customary for listed companies in that they define in their preliminary title the foundations of Iberdrola as an independent, open holding company of an international industrial group, which is decentralised and committed to a purpose and values, as well as the Sustainable Development Goals (SDGs) approved by the United Nations. The <i>By-Laws</i> also recognise the fact that Iberdrola, due to its size and importance, constitutes an institutional reality, a focal point for many Stakeholders and for the economic and social environment in which it does business.</del></p> <p><del>The text of these <i>By-Laws</i> is inspired by the Iberdrola group’s purpose, <i>to continue building together each day a healthier, more accessible energy model, based on electricity</i>, as well as by its corporate values: sustainable energy, integrating force and driving force. The purpose and values of the Iberdrola group constitute its corporate philosophy, the ideological and axiological foundation on which its own business enterprise is based, the set of ideas, values and principles that inspire the organisation and conduct of Iberdrola and its group, guide the realisation of its object and specify and give substance to the corporate interest.</del></p>



<p>The regulatory nature of the purpose and values of the Iberdrola group is expressly recognised in the preliminary title of the <i>By-Laws</i>, at the top of its internal rules, as they are called upon to guide the application and interpretation thereof (always in accordance with applicable law), to govern the day-to-day activities of the Company, to channel its leadership role in its various areas of activity and to guide its sustainable development strategy and the ethical behaviour of all personnel participating in the daily construction of Iberdrola's business enterprise.</p> <p>In turn, these <i>By-Laws</i>, approved by the shareholders of the Company at a General Shareholders' Meeting, the maximum governance body through which the people holding the legitimate ownership of Iberdrola express their desire, are the basis on which the Company has built its Corporate Governance System, a regulatory structure that ensures the effective articulation of the corporate purpose and values of the Iberdrola group in the form of a true regulatory system. As such, it is subject to continuous review and update in order to immediately conform to regulatory changes and to the most stringent international standards. The Corporate Governance System makes up a business model that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the group's businesses, all on the basis of an effective system of checks and balances that prevents the centralisation of power within a single governance body or a single person.</p>	<p><del>In turn, these <i>By-Laws</i>, approved by the shareholders of the Company at a General Shareholders' Meeting, the maximum governance body through which the people holding the legitimate ownership of Iberdrola express their desire, are the basis on which the Company has built its Corporate Governance System, a regulatory structure that ensures the effective articulation of the corporate purpose and values of the Iberdrola group in the form of a true regulatory system. As such, it is subject to continuous review and update in order to immediately conform to regulatory changes and to the most stringent international standards. The Corporate Governance System makes up a business model.</del></p> <p><u>Pursuant to the corporate autonomy recognised by law, these <i>By-Laws</i> govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the "Company") are bound upon acquiring such status.</u></p> <p><u>Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.</u></p> <p><u>Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's group, all on the basis of an effective system of checks and balances that prevents the centralisation of power within a single governance body or a single person.</u></p>
	<p><u>The provisions of the <i>By-Laws</i> regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear "purpose" and certain clear "values" that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most</u></p>



	<u>demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a player in the economic and social environment in which it does business.</u>
	<u>In the case of the Company, the By-Laws thereof define and ultimately constitute the foundation on which is built and based 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 <i>raison d'être</i> 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.</u>
	<u>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.</u>
To the extent applicable thereto, Iberdrola's <i>By-Laws</i> and the other provisions of its Corporate Governance System bind its shareholders, the members of the Board of Directors, senior management and other professionals, as well as, generally, any persons validly linked thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.	To the extent applicable thereto, <del>Iberdrola's</del> the <i>By-Laws</i> and the other provisions of the Company's <del>Corporate Governance</del> <u>Governance and Sustainability System</u> bind its shareholders, the members of the Board of Directors <u>and of</u> senior management, and <u>the</u> other professionals <u>of the Company and its group</u> , as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.
<b>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</b>	<b>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</b>
<b>Article 1. Company Name</b>	<b>Article 1. Company Name</b>
The name of the company is IBERDROLA, S.A. (the "Company").	The name of the <del>company</del> <u>Company</u> is IBERDROLA, S.A. <del>(the "Company")</del> .
<b>Article 4. The Iberdrola Group</b>	<b>Article 4. The Iberdrola <del>Group</del> <u>group</u></b>



1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).	1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).
2. The corporate and governance structure of the Group is defined based on the following:	2. The corporate and governance structure of the Group is defined based on the following:
a) The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Corporate Governance System.	a) The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the <del>Corporate Governance System</del> <u>Corporate Governance and Sustainability System</u> .
b) Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.	b) Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.
The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.	The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.
c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof.	c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof, <u>without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies in accordance with law</u> .
3. All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.	3. All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.
<b>Article 8. Applicable Legal Provisions, Corporate Governance System and Compliance System</b>	<b>Article 8. Applicable Legal Provisions, <del>Corporate Governance System</del> <u>Corporate Governance and Sustainability System</u> and Compliance System</b>
1. The Company is governed by the legal provisions	1. The Company is governed by the legal provisions



relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.	relating to listed companies and other applicable laws and regulations, as well as by its <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
2. The Corporate Governance System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.	2. The <del>Corporate Governance</del> <u>Governance and Sustainability</u> System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.
3. The Company's Corporate Governance System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> , the <i>Code of Ethics</i> , the corporate policies and the other governance and compliance rules.	3. The Company's <del>Corporate Governance</del> <u>Governance and Sustainability</u> System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> , the <i>Code of Ethics</i> , the corporate policies and other governance and compliance rules.
4. The <i>Purpose and Values of the Iberdrola group</i> sets out its raison d'être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.	4. The <i>Purpose and Values of the Iberdrola group</i> set out its raison d'être, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.
5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.	5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.
6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.	6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.
7. Full or summarised versions of the rules making up the Corporate Governance System can be viewed	7. Full or summarised versions of the rules making up the <del>Corporate Governance</del> <u>Governance and Sustainability</u>





<p>on the Company's corporate website.</p>	<p><u>Sustainability</u> System can be viewed on the Company's corporate website.</p>
<p>8. The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Corporate Governance System itself, as well as to contribute to the full realisation of the <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.</p>	<p>8. The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the <del>Corporate Governance</del><u>Governance and Sustainability</u> System itself, as well as to contribute to the full realisation of the <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.</p>
<p>9. The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.</p>	<p>9. The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.</p>
<p><b>Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media</b></p>	<p><b>Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media</b></p>
<p>1. The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations with all of them based on two-way communication and on the principles of transparency, active listening and equal treatment, which allows for all of their legitimate interests to be taken into consideration and to effectively disclose information regarding the activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.</p>	<p>1. The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations <del>with all of them</del> based <del>on two-way communication</del> <del>and</del> on the principles of transparency <u>and</u> active listening <del>and equal treatment</del>, which allows for <u>continuing to respond to</u> their legitimate interests <del>to be taken into consideration</del> and to effectively disclose information regarding the activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.</p>
<p>2. The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.</p>	<p>2. The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.</p>
<p>3. The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection with the General Shareholders' Meeting and the corporate</p>	<p>3. The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection with the General Shareholders' Meeting and the corporate</p>



governance of the Company, upon the terms provided by law and the Corporate Governance System.	governance of the Company, upon the terms provided by law and the <del>Corporate Governance</del> <u>Governance and Sustainability System</u> .
4. The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.	4. The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.
5. All companies of the Group shall promote the accessibility of their respective corporate websites.	5. All companies of the Group shall promote the accessibility of their respective corporate websites.
<b>Article 12. Shareholder Status</b>	<b>Article 12. Shareholder Status</b>
1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Corporate Governance System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.	1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.
2. The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.	2. The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.
3. The Company may, as legally allowed, access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.	3. The Company may, as legally allowed, access the information needed to fully identify its shareholders <u>and the ultimate beneficial owners, within the meaning provided by law</u> , including addresses and means of contact for communication with them.
<b>Article 14. Shareholders and the Corporate Governance System</b>	<b>Article 14. Shareholders and the <u>Governance and Sustainability</u> System</b>
1. The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.	1. The ownership of shares entails consent to the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.
2. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty,	2. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty,



<p>in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Corporate Governance System.</p>	<p>in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.</p>
<b>Article 15. General Shareholders' Meeting</b>	<b>Article 15. General Shareholders' Meeting</b>
<p>1. The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the Corporate Governance System, on the matters within their purview.</p>	<p>1. The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, on the matters within their purview.</p>
<p>2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.</p>	<p>2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.</p>
<p>3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i>, the <i>Regulations for the General Shareholders' Meeting</i>, other applicable provisions of the Corporate Governance System and other implementing rules approved by the Board of Directors within the scope of its powers.</p>	<p>3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i>, the <i>Regulations for the General Shareholders' Meeting</i>, other applicable provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and other implementing rules approved by the Board of Directors within the scope of its powers.</p>
<b>Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting</b>	<b>Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting</b>
<p>1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the <i>Regulations for the General Shareholders' Meeting</i> or other rules of the Corporate Governance System, and particularly regarding the following:</p>	<p>1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the <i>Regulations for the General Shareholders' Meeting</i> or other rules of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, and particularly regarding the following:</p>
<p>a) The approval of the annual financial statements, the allocation of profits or losses and the approval corporate management.</p>	<p>a) The approval of the annual financial statements, <u>the directors' report</u>, the allocation of profits or losses and <del>the approval of</del> corporate management.</p>
<p>b) The approval of the statement of non-financial information.</p>	<p>b) The approval of the statement of non-financial information.</p>



c) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.	c) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
d) The approval of the director remuneration policy.	d) The approval of the director remuneration policy.
e) The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.	e) The approval of the establishment of systems for remuneration of the <del>Company's</del> directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.
f) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.	f) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.
g) The appointment, re-election and removal of the statutory auditors.	g) The appointment, re-election and removal of the statutory auditors.
h) The amendment of these <i>By-Laws</i> .	h) The amendment of these <i>By-Laws</i> .
i) An increase or reduction in share capital.	i) An increase or reduction in share capital.
j) The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.	j) The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.
k) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such	k) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such



	decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.		decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.
l)	The exclusion or limitation of pre-emptive rights.	l)	The exclusion or limitation of pre-emptive rights.
m)	The authorisation for the derivative acquisition of the Company's own shares.	m)	The authorisation for the derivative acquisition of the Company's own shares.
n)	The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.	n)	The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.
o)	The dissolution of the Company and the appointment and removal of the liquidators.	o)	The dissolution of the Company and the appointment and removal of the liquidators.
p)	The approval of the final liquidation balance sheet.	p)	The approval of the final liquidation balance sheet.
q)	The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.	q)	The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.
r)	The exercise of derivative liability actions against directors, statutory auditors and liquidators.	r)	The exercise of derivative liability actions against directors, statutory auditors and liquidators.
s)	The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .	s)	The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .
		t)	<a href="#"><u>The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.</u></a>
t)	The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.	u)	<del>t)</del> The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.





u) The acquisition, transfer or contribution of key assets from or to another company.	v) <del>u)</del> The acquisition, transfer or contribution of key assets from or to another company.
v) The approval of transactions having an effect equivalent to liquidation of the Company.	w) <del>v)</del> The approval of transactions having an effect equivalent to liquidation of the Company.
2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company's Corporate Governance System.	2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the <del>Company's Corporate Governance</del> <u>Governance and Sustainability</u> System.
<b>Article 18. Call to the General Shareholders' Meeting</b>	<b>Article 18. Call to <u>and Methods</u> of Holding a General Shareholders' Meeting</b>
1. A General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.	1. A General Shareholders' Meeting must be <del>formally</del> called by the Board of Directors through an announcement published as much in advance as required by law, <u>and which shall state the manner in which it will be held.</u>
	2. <u>A General Shareholders' Meeting may be held in the following ways: in person only, in person with the ability to attend remotely, or, if there are reasons that make it advisable, exclusively by remote means. In all cases, shareholders may grant a proxy and cast an absentee vote pursuant to the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
2. The announcement of the call to meeting shall be disseminated through the following media, at a minimum:	3. <del>2-</del> The announcement of the call to meeting shall be disseminated through the following media, at a minimum:
a) The Official Bulletin of the Commercial Registry ( <i>Boletín Oficial del Registro Mercantil</i> ) or one of the more widely circulated newspapers in Spain.	a) The Official Bulletin of the Commercial Registry ( <i>Boletín Oficial del Registro Mercantil</i> ) or one of the more widely circulated newspapers in Spain.
b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).	b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).
c) The Company's corporate website.	c) The Company's corporate website.
<b>Article 19. Shareholders' Right to Receive Information</b>	<b>Article 19. Shareholders' Right to Receive Information</b>



<p>1. From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.</p>	<p>1. From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.</p>
<p>2. During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters set forth in the preceding section.</p>	<p>2. <del>During the course of the</del> <u>Shareholders attending</u> the General Shareholders' Meeting, <del>the shareholders</del> may <del>verbally</del> request <u>such</u> information or clarifications as they deem appropriate regarding the matters set forth in the preceding section <u>within the period and on the terms determined by the Board of Directors in accordance with the provisions of law and the Governance and Sustainability System.</u></p>
<p>3. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in these <i>By-Laws</i> and in the <i>Regulations for the General Shareholders' Meeting</i>, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.</p>	<p>3. The Board of Directors shall be required to provide the information <del>requested pursuant to the preceding</del> <u>validly requested</u> in the form and within the periods set forth in the law, in these <i>By-Laws</i> <del>and</del>, in the <i>Regulations for the General Shareholders' Meeting</i> <u>and in the implementing rules approved by the Board of Directors within the scope of its powers</u>, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.</p>
<p>4. The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.</p>	<p>4. The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.</p>



<p>5. The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law and the Corporate Governance System.</p>	<p>5. The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law <del>and</del>, the <del>Corporate Governance</del><u>Governance and Sustainability</u> System <u>and the implementing rules approved by the Board of Directors within the scope of its powers.</u></p>
<p><b>Article 20. Place of the Meeting</b></p>	<p><b>Article 20. Place of the Meeting</b></p>
<p>The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.</p>	<p>1. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.</p>
	<p>2. <u>If the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office.</u></p>
<p><b>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</b></p>	<p><b>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</b></p>
<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.</p>	<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.</p>
<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.</p>	<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.</p>
<p>3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.</p>	<p>3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.</p>
<p>4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General</p>	<p>4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the <del>Corporate Governance</del><u>Governance and Sustainability</u> System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or</p>



Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.	by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.
<b>Article 22. Right to Attend</b>	<b>Article 22. Right to Attend</b>
1. The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.	1. The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.
2. The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.	2. The General Shareholders' Meeting may be attended <u>in person</u> by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.
	3. <u>The General Shareholders' Meeting may be attended remotely using the systems determined by the Board of Directors, which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting.</u>
3. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.	4. <del>3.</del> —In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.
4. The chair of the General Shareholders' Meeting may authorise the attendance of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.	5. <del>4.</del> —The chair of the General Shareholders' Meeting may authorise the <u>in-person or remote attendance</u> of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant <u>in-person or remote</u> access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast



	thereof, although the shareholders acting thereat may revoke such authorisation.
<b>Article 23. Right to Proxy Representation</b>	<b>Article 23. Right to Proxy Representation</b>
1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.	1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law <del>and</del> , the <del>Corporate</del> <del>—Governance</del> <u>Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
	2. <u>Proxy representatives may participate in the General Shareholders' Meeting in person or remotely, as provided in the call to meeting.</u>
2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.	3. <del>2.</del> Proxies must be given in writing or <u>by remote means of communication (such as by telephone or by</u> postal or electronic correspondence), in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.
3. Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law and the Corporate Governance System.	4. <del>3.</del> Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law <del>and</del> , the <del>Corporate</del> <del>Governance</del> <u>Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
4. In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy representative, the rules established in this regard in the Corporate Governance System shall apply to the proxy.	5. <del>4.</del> In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy, the rules established in this regard in the <del>Corporate</del> <del>Governance</del> <u>Governance and Sustainability System and in the implementing rules approved by the Board of Directors within the scope of its powers</u> shall apply to the proxy.
5. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be	6. <del>5.</del> The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be





<p>responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy.</p>	<p>responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy, <a href="#">including any means provided for authentication and participation by remote means</a>.</p>
<p><b>Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting</b></p>	<p><b>Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting</b></p>
<p>1. The Presiding Committee (<i>Mesa</i>) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.</p>	<p>1. The Presiding Committee (<i>Mesa</i>) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting, <a href="#">who may attend in person or remotely</a>.</p>
	<p>2. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the <del>Corporate</del> <del>Governance</del> <a href="#">Governance and Sustainability</a> System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.</p>
<p>2. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.</p>	<p>3. <del>2.</del> The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.</p>
<p>3. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.</p>	<p>4. <del>3.</del> The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.</p>



Article 26. Deliberations and Voting	Article 26. Deliberations and Voting
<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these <i>By-Laws</i>; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.</p>	<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations <u>and presentations</u>, granting the floor to shareholders <u>attending in person and</u> who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these <i>By-Laws</i>; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.</p>
<p>2. The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or of the secretary for the General Shareholders' Meeting, the appropriate persons under sections 2 and 3-of Article 24, respectively, shall assume the duties thereof.</p>	<p>2. The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair of or the secretary for the General Shareholders' Meeting, the appropriate persons under sections <u>23</u> and <u>34</u> of Article 24, respectively, shall assume the duties thereof.</p>
<p>3. Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>	<p>3. Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>
Article 27. Absentee Voting	Article 27. Absentee Voting
<p>1. Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.</p>	<p>1. Shareholders may cast their absentee vote <u>in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence)</u> on proposed resolutions relating to the items on the agenda of the call to</p>



	meeting by complying with the requirements of law <del>and</del> , the <del>Corporate Governance</del> <u>Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
2. Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.	2. Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.
3. Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.	3. Absentee votes must be received by the Company before <del>24:00</del> <u>24:00</u> on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.
4. The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.	4. The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.
Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.	Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.
5. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Corporate Governance System and the rules established by the Board of Directors in implementation thereof.	5. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, <u>shall be responsible for</u> verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the <del>Corporate Governance</del> <u>Governance and Sustainability System</u> and the <u>implementing</u> rules <del>established</del> <u>approved</u> by the Board of Directors <del>in implementation thereof</del> <u>within the scope of its powers.</u>
6. Remote attendance at the General Shareholders' Meeting by remote and simultaneous means and the casting of electronic absentee votes during the course of the General Shareholders' Meeting may be allowed if provided for in the <i>Regulations for the</i>	<del>Remote attendance at the General Shareholders' Meeting by remote and simultaneous means and the casting of electronic absentee votes during the course of the General Shareholders' Meeting may be allowed if provided for in the Regulations for the General Shareholders' Meeting, subject to the</del>



<p><i>General Shareholders' Meeting</i>, subject to the requirements set forth therein.</p>	<p><del>requirements set forth therein.</del> <u>The provisions of the preceding sections of this article shall not apply to shareholders or their proxy representatives if they attend the General Shareholders' meeting remotely. The casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.</u></p>
<p><b>Article 28. Conflicts of Interest</b></p>	<p><b>Article 28. Conflicts of Interest</b></p>
<p>1. A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:</p>	<p>1. A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:</p>
<p>a) Relieve the shareholder of an obligation or grant the shareholder a right.</p>	<p>a) Relieve the shareholder of an obligation or grant the shareholder a right.</p>
<p>b) Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.</p>	<p>b) Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.</p>
<p>c) Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.</p>	<p>c) Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.</p>
	<p><u>d) Approve a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law.</u></p>
<p>2. The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.</p>	<p>2. The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.</p>
<p>3. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority</p>	<p>3. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority</p>



needed for the adoption of the relevant resolutions shall be calculated.	needed for the adoption of the relevant resolutions shall be calculated.
<b>Article 30. Management and Representation of the Company</b>	<b>Article 30. Management and Representation of the Company</b>
1. The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ) and, also if so decided by the Board of Directors, by one or more chief executive officers ( <i>consejeros delegados</i> ).	1. The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ) and, also if so decided by the Board of Directors, by one or more chief executive officers ( <i>consejeros delegados</i> ).
2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.	2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, without prejudice to the provisions of law.
<b>Article 31. Regulation of the Board of Directors</b>	<b>Article 31. Regulation of the Board of Directors</b>
The Board of Directors shall be governed by the provisions set forth in the law, these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the Corporate Governance System.	The Board of Directors shall be governed by the provisions set forth in the law, these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
<b>Article 32. Powers of the Board of Directors</b>	<b>Article 32. Powers of the Board of Directors</b>
1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Corporate Governance System to the shareholders acting at a General Shareholders' Meeting.	1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System to the shareholders acting at a General Shareholders' Meeting.
2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Corporate Governance System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:	2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:
a) Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business	a) Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business





companies of the Group the duties of day-to-day administration and effective management of each of the businesses.	companies of the Group the duties of day-to-day administration and effective management of each of the businesses.
b) Supervise the general development of the aforementioned policies and strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.	b) Supervise the general development of the aforementioned policies, <del>and</del> strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.
c) Decide on matters of strategic importance at the Group level.	c) Decide on matters of strategic importance at the Group level.
3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.	3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.
4. The Board of Directors shall design, evaluate and review the Corporate Governance System on an ongoing basis. It shall approve the <i>Purpose and Values of the Iberdrola group</i> and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these <i>By-Laws</i> and in the other provisions of the Corporate Governance System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.	4. The Board of Directors shall design, evaluate and review the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System on an ongoing basis. It shall approve the <i>Purpose and Values of the Iberdrola group</i> and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these <i>By-Laws</i> and in the other provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.  <u>In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.</u>
5. The <i>Regulations of the Board of Directors</i> shall specify the powers reserved to such body, which may not be entrusted to the representative	5. The <i>Regulations of the Board of Directors</i> shall specify the powers reserved to such body, which may not be entrusted to the representative



decision-making bodies or to the senior management of the Company.	decision-making bodies or to the senior management of the Company.
<b>Article 33. Composition of the Board of Directors and Appointment of Directors</b>	<b>Article 33. Composition of the Board of Directors and Appointment of Directors</b>
1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.	1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
2. The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.	2. The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.
3. The following may not be appointed as directors or as individuals representing a corporate director:	3. The following may not be appointed as directors <del>or as individuals representing a corporate director:</del>
	a) Legal <u>entities</u> .
a) Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or members of senior management thereof, or such persons, if any, as are proposed by them in their capacity as shareholders.	b) <u>Persons who hold the position of director or who are members of senior management of</u> domestic or foreign companies competing with the Company in the energy industry or other industries, <del>or the directors or senior management thereof</del> or such persons, if any, as are proposed by them in their capacity as shareholders.
b) Individuals or legal entities serving as directors in more than three companies with shares trading on domestic or foreign stock exchanges.	c) <del>b) Persons individuals or legal entities</del> serving as directors in more than <del>three</del> <u>five</u> companies, <del>with</del> <u>of which no more than three may have</u> shares trading on domestic or foreign stock exchanges .
c) Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company	d) <del>e) Persons</del> who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company



<p>under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.</p>	<p>under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.</p>
<p>d) Individuals or legal entities that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.</p>	<p><del>e) d) Individuals or legal entities that</del> <u>Persons who</u> are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.</p>
<p>4. The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the Corporate Governance System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal.</p>	<p>4. The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal.</p>
<p><b>Article 35. Meetings of the Board of Directors</b></p>	<p><b>Article 35. Meetings of the Board of Directors</b></p>
<p>1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the <i>Regulations of the Board of Directors</i>. Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Corporate Governance System.</p>	<p>1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the <i>Regulations of the Board of Directors</i>. Meetings shall <u>generally</u> take place <u>in person</u> at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.</p>
	<p>2. <u>If so decided by the chairman of the Board of Directors, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such</u></p>



	<a href="#"><u>interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.</u></a>
2. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.	3. <del>2.</del> Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.
<b>Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions</b>	<b>Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions</b>
1. The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.	1. The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.
2. All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.	2. All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.
3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.	3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.
4. Unless higher majorities are provided for by law or the Corporate Governance System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.	4. Unless higher majorities are provided for by law or the <del>Corporate Governance</del> <a href="#"><u>Governance and Sustainability</u></a> System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.
5. The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.	5. The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.
	6. <a href="#"><u>The Board of Directors and its committees may adopt resolutions by vote in writing without a meeting.</u></a>



Article 37. Committees of the Board of Directors	Article 37. Committees of the Board of Directors
1. The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.	1. The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.
2. The Board of Directors may also have an executive committee, called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.	2. The Board of Directors may also have an executive committee, called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.
3. The committees shall be governed by the provisions of the Corporate Governance System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.	3. The committees shall be governed by the provisions of the <del>Corporate Governance</del> <u>Corporate Governance and Sustainability</u> System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.
Article 38. Executive Committee	Article 38. Executive Committee
1. If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Corporate Governance System.	1. If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the <del>Corporate Governance</del> <u>Corporate Governance and Sustainability</u> System.
2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.	2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.
3. The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.	3. The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.





<p>4. The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.</p>	<p>4. The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.</p>
<p>5. Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (<i>consejero coordinador</i>), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.</p>	<p>5. Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (<i>consejero coordinador</i>), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.</p>
<p>6. Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.</p>	<p>6. Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.</p>
<p><b>Article 39. Audit and Risk Supervision Committee</b></p>	<p><b>Article 39. Audit and Risk Supervision Committee</b></p>
<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>	<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>
<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.</p>	<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage</p>	<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage</p>



<p>of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>	<p>of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>
<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations and in any case those provided by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments Committee.</p>	<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations, and in any case those provided by law, except <del>for that of reporting on related-party transactions, which power is assigned to the Appointments Committee</del><u>the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.</u></p>
<p><b>Article 40. Appointments Committee and Remuneration Committee</b></p>	<p><b>Article 40. Appointments Committee and Remuneration Committee</b></p>
<p>1. The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these <i>By-Laws</i> to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.</p>	<p>1. The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these <i>By-Laws</i> to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.</p>
<p>2. The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent.</p>	<p>2. The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent.</p>
<p>3. The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of</p>	<p>3. The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of them, as well as their secretaries, who need not be directors.</p>



<p>them, as well as their secretaries, who need not be directors.</p>	
<p>4. The Appointments Committee and the Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.</p> <p>In particular, the Appointments Committee shall have the power to report on related-party transactions.</p>	<p>4. The Appointments Committee and the Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.</p> <p><del>In particular, the Appointments Committee shall have the power to report on related-party transactions.</del></p>
<p><b>Article 41. Sustainable Development Committee</b></p>	<p><b>Article 41. Sustainable Development Committee</b></p>
<p>1. If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>	<p>1. If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>
<p>2. The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.</p>	<p>2. The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.</p>	<p>3. The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.</p>
<p>4. The Sustainable Development Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>	<p>4. The Sustainable Development Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p> <p><u>In particular, the Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to the powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.</u></p>
<p><b>Article 42. Chairman and Vice-Chair or Vice-Chairs</b></p>	<p><b>Article 42. Chairman and Vice-Chair or Vice-Chairs</b></p>
<p>1. The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board</p>	<p>1. The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board</p>



of Directors may also appoint one or more honorary chairs of the Company.	of Directors may also appoint one or more honorary chairs of the Company.
2. The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.	2. The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.
3. The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.	3. The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.
4. The chairman of the Board of Directors may exercise the powers conferred upon him by law and the Corporate Governance System, and particularly the following:	4. The chairman of the Board of Directors may exercise the powers conferred upon him by law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, and particularly the following:
a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.	a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.
b) To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the Corporate Governance System.	b) To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
c) To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.	c) To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.
d) To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information	d) To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information



sufficient to deliberate on the items on the agenda.	sufficient to deliberate on the items on the agenda.
e) To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.	e) To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.
5. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.	5. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.
6. If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.	6. If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.
7. If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.	7. If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.
8. The same procedure shall be followed to decide the removal of a vice-chair.	8. The same procedure shall be followed to decide the removal of a vice-chair.
<b>Article 43. Chief Executive Officer</b>	<b>Article 43. Chief Executive Officer</b>
1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers ( <i>consejeros delegados</i> ) with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.	1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers ( <i>consejeros delegados</i> ) with the powers it deems appropriate and which may be delegated pursuant to law and the <b>Corporate</b>





	<del>Governance</del> <u>Governance and Sustainability</u> System.
2. In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.	2. In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.
<b>Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors</b>	<b>Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors</b>
1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.	1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.
2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.	2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.
3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Corporate Governance System.	3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Corporate Governance System.	4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the <del>Corporate</del>



	<del>Governance</del> <u>Governance and Sustainability</u> System.
<b>Article 45. Checks and Balances System: Lead Independent Director</b>	<b>Article 45. Checks and Balances System: Lead Independent Director</b>
1. The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.	1. The <del>Corporate</del> <u>Governance and Sustainability</u> System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.
2. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.	2. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.
3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.	3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.
4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director ( <i>consejero coordinador</i> ), who shall be specially empowered, when the lead independent director deems it appropriate, to:	4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director ( <i>consejero coordinador</i> ), who shall be specially empowered, when the lead independent director deems it appropriate, to:
a) Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.	a) Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.
b) Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.	b) Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.
c) Coordinate, gather and reflect the concerns of the non-executive directors.	c) Coordinate, gather and reflect the concerns of the non-executive directors.
d) Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.	d) Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.



5. The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.	5. The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.
<b>Article 46. General Duties of Directors</b>	<b>Article 46. General Duties of Directors</b>
1. The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance 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.	1. The directors must carry out their office and comply with the duties imposed by law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> 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. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.	2. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.
3. The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.	3. The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.
<b>Article 47. Term of Office</b>	<b>Article 47. Term of Office</b>
1. Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.	1. Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.
2. Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Corporate Governance System.	2. Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
3. Directors may be re-elected to one or more terms of four years.	3. Directors may be re-elected to one or more terms of four years.
<b>Article 49. Powers of Information and Inspection</b>	<b>Article 49. Powers of Information and Inspection</b>
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	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.	corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company.
2. The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Corporate Governance System.	2. The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
<b>TITLE V. ANNUAL FINANCIAL STATEMENTS, DISSOLUTION, AND LIQUIDATION</b>	<del>TITLE V. ANNUAL FINANCIAL STATEMENTS, DISSOLUTION AND LIQUIDATION</del> <u>FINANCIAL YEAR AND ANNUAL FINANCIAL AND NON-FINANCIAL INFORMATION</u>
<b>Chapter I. Annual Financial Statements</b>	<del>Chapter I. Annual Financial Statements</del> <u>Financial Year</u>
<b>Article 53. Financial Year and Preparation of Annual Financial Statements</b>	<del>Article 53. Financial Year and Preparation of Annual Financial Statements</del>
1. The financial year shall commence on 1 January of each year and shall end on 31 December of each year.	<del>1.</del> The financial year shall commence on 1 January of each year and shall end on 31 December of each year.
	<u>Chapter II. Annual Financial Information</u>
	<u>Article 54. Preparation</u>
2. Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors' report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors' report for the previous financial year.	Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors' report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors' report for the previous financial year.
	<del>Article 54</del> <u>55. Verification</u>
	<u>1. The separate and consolidated annual financial statements and the directors' reports must be audited by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders' Meeting.</u>
	<u>2. The external auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.</u>
<b>Article 54. Approval of Financial Statements and Allocation of Profits/Losses</b>	<del>Article 56. Approval of Financial Statements and Allocation of Profits/Losses</del>



<p>1. The annual financial statements of the Company and the consolidated annual financial statements shall be submitted to the shareholders for approval at the General Shareholders' Meeting.</p>	<p><del>1.— The annual financial statements of the Company and the consolidated annual financial statements shall be submitted for approval at the General Shareholders' Meeting.</del></p>
	<p><u>The separate and consolidated annual financial statements and directors' reports shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.</u></p>
	<p><b><u>Article 57. Allocation of Profits/Losses</u></b></p>
<p>2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.</p>	<p>1. <del>2.—</del>The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.</p>
<p>3. If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.</p>	<p>2. <del>3.—</del>If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.</p>
<p>4. The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.</p>	<p>3. <del>4.—</del>The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.</p>
<p>5. The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital.</p>	<p>4. <del>5.—</del>The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital.</p>
	<p><b><u>Chapter III.—Dissolution and Liquidation of the Annual Non-Financial Information</u></b></p>
	<p><b><u>Article 58. Preparation</u></b></p>
	<p><u>The Board of Directors shall prepare the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and</u></p>

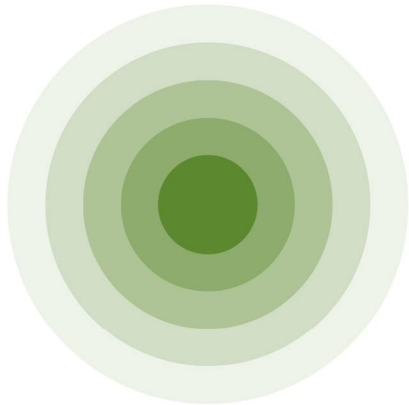




	<a href="#"><u>Sustainability System, presenting a clear and accurate statement of the Company's social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders. In particular, said statement of non-financial information shall also report on the level of achievement and any updates of the climate action plan approved by the Board of Directors.</u></a>
	<b>Article <del>55</del><sup>59</sup>. Grounds for Dissolution</b> <a href="#"><u>Verification</u></a>
	<a href="#"><u>1. The statement of non-financial information must be reviewed by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.</u></a>
	<a href="#"><u>2. The provider of said service must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.</u></a>
	<b>Article 60. Approval</b>
	<a href="#"><u>The statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.</u></a>
<b>Chapter II. Dissolution and Liquidation of the Company</b>	<b>TITLE VI. DISSOLUTION AND LIQUIDATION</b>
<b>Article 55. Grounds for Dissolution</b>	<b>Article 61. Dissolution</b>
The Company shall be dissolved upon the occurrence of any of the events established by law.	The Company shall be dissolved upon the occurrence of any of the grounds established by law, <a href="#"><u>which must be ascertained and assessed in accordance with the provisions of the Governance and Sustainability System, which shall also supplement the provisions of applicable law on this issue.</u></a>
<b>Article 56. Liquidation of the Company</b>	<b>Article <del>56</del><sup>62</sup>. Liquidation</b> <del> of the Company</del>
	<a href="#"><u>1. The Company shall be governed by applicable legal provisions and the provisions of the Governance and Sustainability System during the liquidation period and until its termination.</u></a>
1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number	<a href="#"><u>2. <del>4</del> From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an</u></a>



<p>of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.</p>	<p>odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.</p>
<p>2. During the liquidation period, the provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.</p>	<p><del>3. 2. During the liquidation period, the</del> <u>The</u> provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, <u>during the liquidation,</u> <del>and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.</del></p>
<p>3. All liquidating operations shall be carried out with due observance of the provisions of law.</p>	<p><del>3. — All liquidating operations shall be carried out with due observance of the provisions of law.</del></p>
	<p><u>4. The corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the Purpose and Values of the Iberdrola group and its Code of Ethics, as well as the legitimate rights of all of its Stakeholders.</u></p>



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors**

Proposed amendment of  
the *By-Laws* included in  
item six on the agenda



# REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENT OF THE *BY-LAWS* IN ORDER TO REFLECT THE AMOUNT OF SHARE CAPITAL RESULTING FROM THE REDUCTION THEREOF BY MEANS OF THE RETIREMENT OF OWN SHARES INCLUDED IN ITEM NUMBER SIX ON THE AGENDA ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

## 1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. ("**Iberdrola**" or the "**Company**") pursuant to the provisions of Sections 286 and 318 of the *Companies Act (Ley de Sociedades de Capital)*, in order to provide a rationale for the proposed amendment of the *By-Laws* consisting of reflecting the amount of share capital resulting from the reduction thereof by means of the retirement of own shares (the "**Reduction in Capital**"), the approval of which is proposed under item number six on the agenda.

Pursuant to such sections of the *Companies Act*, to the extent that the Reduction in Capital necessarily entails the amendment of the article of the *By-Laws* setting the share capital, the Board of Directors prepares this report setting forth the purpose of and rationale for the proposal being submitted to the shareholders at the General Shareholders' Meeting.

Based on the distinct nature of the amendments of the *By-Laws* proposed under items six to twelve on the agenda for the General Shareholders' Meeting, these proposed amendments have been the subject of a joint but separate report of the Board of Directors.

## 2. Purpose of and rationale for the proposal

Pursuant to the provisions of the *Shareholder Remuneration Policy*, the Company maintains a strategy for growth in such remuneration in line with the increase in results, with a pay-out of between 65% and 75% of net profits attributed to the Company in its consolidated annual financial statements, which since 2018 has been implemented through the "Iberdrola Retribución Flexible" optional dividend system, and which consists of the implementation of increases in capital by means of scrip issues, combined with the ability of the shareholders to decide to receive all or part of their remuneration in cash, choosing in this case to receive a dividend instead of receiving shares.

The issue of new shares as a result of said increases in capital by means of scrip issues is complemented with reductions in capital –such as the one now proposed, and such as those that the Company has implemented each year– since 2013 in order to maintain the number of outstanding shares of the Iberdrola at approximately 6,240 million.

This avoids dilution of the shareholders' equity interest and contributes to maintaining the profit per share of the Company, all of which benefits the shareholders.

Therefore, Iberdrola's Board of Directors has resolved to propose to the shareholders at the General Shareholders' Meeting a reduction in capital that offsets the effects of the increases in share capital by means of scrip issues approved by the shareholders at the General Shareholders' Meeting held on 2 April 2020 under items number thirteen and fourteen on the



agenda<sup>1</sup> and which were implemented in July 2020 and February 2021, respectively. If the Reduction in Capital is ultimately approved, it is provided that the Company's own shares in treasury will be retired, with a corresponding reduction in share capital by an amount equal to the nominal value of such shares, and that the number of outstanding shares will be established at the target figure of approximately 6,240 million.

After the close of trading on 10 May 2021, a portion of such own shares are held in treasury, while the rest of the shares to be retired will be acquired as a result of the settlement of the derivatives acquired by the Company prior to 11 May 2021 (the "**Derivatives**"), and of the programme for the buy-back of up to 15 million own shares that will be in effect, at the latest, until 10 June 2021 and that has been approved by the Board of Directors on 11 May 2021 (the "**Buy-back Programme**"), pursuant to (a) *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*, and (b) the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda.

### 3. Main terms and conditions of the Reduction in Capital

It is proposed to reduce the share capital by the amount resulting from the sum of:

- (i) 117,081,459.00 euros, through the retirement of 156,108,612 currently existing own shares in treasury after the close of the trading session on 10 May 2021, each with a nominal value of 0.75 euro, acquired under the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda and within the limits established by Section 146 and related provisions and Section 509 of the *Companies Act* (the "**Existing Treasury Shares**"); and
- (ii) the aggregate nominal value, up to the maximum amount of 16,535,541.00 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a limit of 22,047,388 own shares (the "**Overall Limit**"), that are acquired for their retirement both through the settlement, no later than 10 June 2021, of the Derivatives and through the Buy-back Programme, under (a) the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and of Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*; and (b) the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda.

Consequently, the maximum amount of the Reduction in Capital would be 133,617,000.00 euros, through the retirement of a maximum of 178,156,000 own shares, each with a nominal value of 0.75 euro, representing not more than 2.776% of the share capital on the date of

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<sup>1</sup> And under the section entitled "*Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items twelve, thirteen and fourteen on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented*".





preparation of this report (said percentage likely being the same on the date of adoption of the resolution herein proposed to the shareholders at the General Shareholders' Meeting). If the resolution regarding the Reduction in Capital covered by this report is adopted, the final amount of the reduction would be set by the Company's Board of Directors (with express power of substitution) depending upon the final number of shares acquired both by virtue of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the Overall Limit. If the Overall Limit is exceeded, there will be a retirement of all of the shares acquired pursuant to the Buy-back Programme, as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be retired on occasion of the Reduction in Capital.

In addition, if the aforementioned resolution regarding the Reduction in Capital is approved and once the Board of Directors (or the body acting by delegation therefrom) sets the final amount of the reduction, Article 10 of the *By-Laws* establishing the share capital will be amended such that it reflects the new amount of share capital and the new number of outstanding shares (after deducting the number of own shares proposed to be retired).

The Reduction in Capital would not entail a return of contributions because the Company itself is the holder of the retired shares and it would be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve could only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the *Companies Act*.

Therefore, in order to make the implementation as simple as possible, and under the provisions of Section 335 c) of the *Companies Act*, creditors would not be entitled to assert the right of objection contemplated by Section 334 of the *Companies Act*.

It is also proposed that the shareholders at the General Shareholders' Meeting ratify the acts performed to date by the Board of Directors in connection with the Buy-back Programme approved on 11 May 2021 and that they authorise the Board of Directors to implement the Reduction in Capital resolution (with express power of substitution) within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in the resolution approving the reduction or that are a consequence thereof and to approve the resolutions, publish the announcements, take the steps, and execute the public or private documents that may be required or appropriate for the successful implementation of the Reduction in Capital.

Specifically, it is proposed to authorise the Board of Directors (with express power of substitution) to take the steps and carry out the formalities required to cause the exclusion from trading of the retired shares from the Spanish Stock Exchanges and the removal thereof from the book-entry registers once the resolution regarding the Reduction in Capital has been implemented.

#### **4. Proposed Resolution Submitted to the Shareholders at the General Shareholders' Meeting**

The proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:



## **“ITEM NUMBER SIX ON THE AGENDA**

**Amendment of Article 10 of the By-Laws in order to reflect the amount of share capital resulting from the reduction therein by means of the retirement of a maximum of 178,156,000 own shares (2.776% of the share capital).**

### **RESOLUTION**

- 1. Reduction in capital by means of the retirement of both currently existing own shares held in treasury and of own shares to be acquired through the settlement of derivatives acquired prior to the formulation of this proposed resolution through a buy-back programme for the retirement thereof**

To reduce the share capital of IBERDROLA, S.A. (the “**Company**”) by the amount resulting from the sum of:

- i. 117,081,459.00 euros, through the retirement of 156,108,612 currently existing own shares in treasury after the close of the trading session on 10 May 2021, each with a nominal value of 0.75 euro, acquired under the authorisation granted by the shareholders at the General Shareholders’ Meeting held on 13 April 2018 under item twelve on the agenda and within the limits established by Section 146 and related provisions and Section 509 of the Companies Act (the “**Existing Treasury Shares**”); and*
- ii. the aggregate nominal value, up to the maximum amount of 16,535,541.00 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a limit of 22,047,388 own shares (the “**Overall Limit**”), that are acquired for their retirement both through the settlement, no later than 10 June 2021, of the derivatives acquired by the Company prior to 11 May 2021 (the “**Derivatives**”) and under the programme for the buy-back of up to 15 million own shares that will be in effect until no later than 10 June 2021 and that was approved by the Board of Directors on 11 May 2021 (the “**Buy-back Programme**”), under (a) the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and of Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures; and (b) the aforementioned authorisation granted by the shareholders at the General Shareholders’ Meeting held on 13 April 2018 under item twelve on the agenda.*

Consequently, the maximum amount of the reduction in capital (the “**Reduction in Capital**”) shall be 133,617,000.00 euros, through the retirement of a maximum of 178,156,000 own shares, each with a nominal value of 0.75 euro, representing not more than 2.776% of the share capital at the time this resolution is approved.

As set out below, the final amount of the Reduction in Capital will be set by the Company’s Board of Directors (with express power of substitution) depending upon the final number of shares acquired both as a result of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the Overall Limit. If the Overall Limit is exceeded, there will be a retirement of all of the shares acquired pursuant to the Buy-back Programme, as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired



*in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be retired on occasion of the Reduction in Capital.*

*Once the Board of Directors (or the body acting by delegation therefrom) has determined final figure of the Reduction in Capital, Article 10 of the By-Laws setting the share capital will be amended such that it reflects the new amount of share capital and the new number of outstanding shares.*

## **2. Procedure for acquisition of the shares that will be retired under the Buy-back Programme**

*Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 11 May 2021, the Company may acquire a maximum number of 15 million own shares by way of implementation of the Buy-back Programme for all of the shareholders and for their retirement, each of such own shares having a nominal value of 0.75 euro and representing a maximum of 0.234% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda.*

*As provided in the aforementioned resolution of the Board of Directors, the own shares shall be acquired subject to such terms as to price and volume as are established in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Articles 2, 3 and 4 of Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.*

*In accordance with the foregoing, pursuant to Section 340.3 of the Companies Act, if the Company fails to acquire the maximum number of 22,047,388 own shares, each with a nominal value of 0.75 euro, both through the settlement, no later than 10 June 2021, of the Derivatives and under the Buy-back Programme, it shall be understood that the share capital is reduced by the sum of (i) the amount corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the sum of the shares effectively acquired within the framework of the Buy-back Programme and pursuant to the settlement of the Derivatives no later than 10 June 2021.*

## **3. Procedure for the reduction and reserves with a charge to which it is carried out**

*Pursuant to the provisions of Section 342 of the Companies Act, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.*

*The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it shall be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the Companies Act.*



Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by Section 334 of the Companies Act in connection with the Reduction in Capital.

#### **4. Ratification of the resolutions of the Board of Directors**

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired within the framework and the effective period thereof, as well as to ratify the acts, statements and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

#### **5. Delegation of powers**

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.
- (b) To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.
- (c) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and retire them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.
- (d) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.
- (e) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.

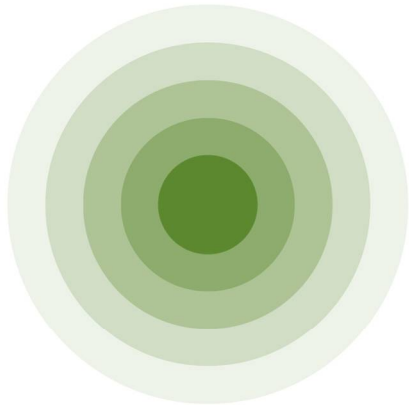


- (f) *To amend Article 10 of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.*
- (g) *To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument for the Reduction in Capital has been executed and registered with the Commercial Registry, the retired shares are delisted from the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR).*
- (h) *To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*

*Pursuant to the provisions of Section 249 bis l) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.”*

In Bilbao, on 11 May 2021.





# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors**

Proposed amendments of  
the *Regulations for the  
General Shareholders'  
Meeting*



## REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE *REGULATIONS FOR THE GENERAL SHAREHOLDERS' MEETING* INCLUDED IN ITEMS NUMBER THIRTEEN, FOURTEEN AND FIFTEEN ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

### 1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (the "**Company**") in order to provide a rationale for the proposed amendments of the *Regulations for the General Shareholders' Meeting* (the "**Regulations**") included in item numbers thirteen, fourteen and fifteen on the agenda.

The Board of Directors has prepared this report setting forth the purpose of and rationale for each of the proposed amendments of the *Regulations* included in items thirteen, fourteen and fifteen on the agenda, attaching such proposed amendments below.

In addition, to help the shareholders compare the new text of the articles of the *Regulations* proposed to be amended and the text currently in effect, attached to this report as an annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text currently in force, which is contained in the left-hand column.

### 2. Purpose of and rationale for the proposals

The amendments of the *Regulations* submitted to the shareholders for approval at the General Shareholders' Meeting mainly derive from the amendments proposed to be made to the *By-Laws* and are primarily intended to:

- a) update the name of the Governance and Sustainability System and make other technical improvements;
- b) conform the text of the *Regulations* to the amendments made to the *Companies Act* by *Law 5/2021, of 12 April amending the restated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement at listed companies ("Law 5/2021")*, particularly in connection with the encouragement of long-term shareholder engagement, consistently with the proposed amendment to the *By-Laws* for this same purpose; and
- c) establish the regulations for remote attendance at the General Shareholders' Meeting.

A detailed description of the rationale for the amendments affecting each of the articles or groups of articles of the *Regulations* is set forth in the sections below.



## 2.1 Updating the name of the Governance and Sustainability System and other technical improvements

As explained in further detail in the report of the Board of Directors in connection with the proposed amendments to the *By-Laws* included in item numbers five, seven, eight, nine, ten, eleven and twelve on the agenda for the 2021 General Shareholders' Meeting, to which we refer the reader to avoid unnecessary repetition, the Company has further developed its former Corporate Governance System, reorganising its content in order to give prominence to environmental performance, social commitment and best corporate governance practices, which is reflected, in particular, in the new name of its internal organisation: Governance and Sustainability System.

Based on the foregoing, the amendment of the *Regulations* (specifically, of Articles 4, 6, 7, 9, 19, 20, 28, 29, 30, 38 (which would become 39), 39 (which would become 40) and 40 (which would become 41)) in order to replace the references to the "Corporate Governance System" with the new name of "Governance and Sustainability System" is proposed to the shareholders at the General Shareholders' Meeting.

Within this block, and as regards the technical improvements, it is also proposed: first, to amend section 2 of Article 8 (*Types*) of the *Regulations* to include the approval of the directors' report, together with the approval of the annual financial statements, the allocation of profits or losses and the corporate management for the preceding financial year, within the purview of the shareholders acting at the annual General Shareholders' Meeting.

Second, it is proposed to amend Article 39 (which would become Article 40: *Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting*) of the *Regulations* in order to make certain technical improvements to the text in connection with remote means of communication for casting a vote prior to the General Shareholders' Meeting and, in particular, to include a reference to the power of the Board of Directors to establish and regulate the appropriate assurances to cast an absentee vote by telephone communication.

Third, it is proposed that the second part of section 2 of Article 41 (which would become Article 42: *Approval of Resolutions and Announcement of Voting Results*) of the *Regulations* now be a new section 3, without changes to the text of the article.

## 2.2 Conformance to the amendments to the *Companies Act* by Law 5/2021

*Law 5/2021* was published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 13 April 2021.

The amendments made to the *Companies Act* by such law became generally effective on 3 May 2021, for which reason it is necessary to propose the conformance of the *Regulations* to the new legal provisions requiring such conformance, within the framework of the encouragement of long-term shareholder engagement and consistently with the proposed amendment of the *By-Laws* for this same purpose.

In this regard, based on the foregoing, it is proposed to amend section 1 of Article 9 (*Powers*) of the *Regulations*, consistently with the proposed amendment of section 1 of Article 17 of the *By-Laws*, in order to include among the powers of the shareholders at a General Shareholders' Meeting (in addition to the merely technical specification that they have the power to approve the directors' report together with the annual financial



statements) the authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law, thus reflecting in the *Regulations* the rules applicable to related-party transactions at listed companies introduced by the new Sections 529 *vicies* to 529 *tervicies* of the *Companies Act*.

It is also proposed to amend section 5 of Article 20 of the *Regulations* in order to make clear, pursuant to the provisions of the new Section 497 *bis* of the *Companies Act*, that the Company is only answerable to the entity or person validated as a shareholder pursuant to the book-entry register.

### 2.3 Remote attendance at the General Shareholders' Meeting, including the possibility of holding the meeting exclusively by remote means

Pursuant to the new legal rules established by *Law 5/2021*, the amendment of the *Regulations* is also proposed to the shareholders at this General Shareholders' Meeting in order to expressly provide for remote attendance of the shareholders or their representatives, and even the ability to hold General Shareholders' Meetings exclusively by remote means, as allowed by the new Section 182 *bis* of the *Companies Act*.

Therefore, a General Shareholders' Meeting of the Company could in the future be held in any of the following ways:

- a) in person only;
- b) in person, with the ability to attend remotely (which is customarily referred to as a "hybrid meeting"); or
- c) if there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.

This rule is accompanied by an express provision in the *Regulations* to the effect that shareholders may grant a proxy and cast an absentee vote in all cases (and not only if a meeting is held exclusively by remote means, as mandated by the new subsection 3 of Section 521 of the *Companies Act*), pursuant to the provisions of the *By-Laws*, the *Regulations for the General Shareholders' Meeting* and the implementing rules approved by the Board of Directors within the scope of its powers.

As a consequence of the foregoing, and consistently with the nature of the *Regulations* as a set of implementing provisions, it is proposed to further develop therein the rules for remote attendance of the shareholders and their proxy representatives at the General Shareholders' Meeting, for which purpose the following specific amendments are proposed:

- a) Amendment of Article 11 (the heading for which would now read *Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda*), in order to include the methods of holding the General Shareholders' Meeting (in person only; in person with the ability to attend remotely, and, when there are reasons that make it advisable –which reasons must be ascertained by the Board of Directors in view of the existing circumstances at any given time– and under the conditions established by law and the Governance and Sustainability System, exclusively by remote means) and, in furtherance of the utmost transparency, to establish the



information that the announcement of the call to meeting must include regarding the method of holding the meeting and remote attendance.

In particular, a provision is added to the effect that the announcement of the call to meeting must include information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) and which meet the security conditions required to allow for the identification of the shareholders or their proxy representatives for purposes of registration and for the preparation of the list of attendees, the correct exercise of their rights and the proper conduct of the meeting.

As a supplement to the foregoing, it is proposed to amend section 2 of Article 14 (*Corporate Website*) of the *Regulations* in order to include a new section providing that from the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting, the Company shall continuously publish on its website information regarding the means and procedures for remote attendance, if this ability is provided for.

- b) Amendment of Article 18 (*Other Attendees*) of the *Regulations* in order to provide that the meeting may be attended in person or remotely by other attendees (directors and, when authorised by the chair of the General Shareholders' Meeting, members of the management team, professionals and other persons with an interest in the orderly conduct of corporate matters, as well as the media, financial analysts and any other person the chair deems appropriate, in addition to personnel belonging to the Shareholder's Office and the person performing the duties described in Article 27.3 of the *Regulations*). This is also the rationale for the proposed amendment of section 1 of Article 26 (*Presiding Committee, Chair and Secretary*) of the *Regulations*.
- c) Amendment of Article 19 (*Right to Proxy Representation*) of the *Regulations* in order to, first, include the corresponding references to remote attendance.

Second, it is proposed to expressly establish that it is the Board of Directors that determines by what means, using the lists mentioned in section 2 of this article, a proxy may be granted, and to include certain technical improvements in the text in connection with the remote means of communication to grant a proxy and, specifically, to include a reference to the power of the Board of Directors to establish and regulate the appropriate assurances to grant a proxy by telephone communication, in line with the proposed amendment of Article 39 (which would become Article 40: *Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting*) of the *Regulations*.

- d) Amendment of Article 21 (*Place of the Meeting*) of the *Regulations* in order to specify that if the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office, pursuant to the provisions of the new Section 182 *bis.6* of the *Companies Act*.
- e) Amendment of Articles 22 (the heading for which would now be *Infrastructure, Equipment and Services*), 23 (*Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results*), 24 (*Shareholder's Office*) and 25 (*Opening of the Premises and Monitoring Access Thereto*) of the *Regulations* in order to specify that the





references to the premises where the General Shareholders' Meeting is held only apply if attendance in person is possible.

- f) Amendment of Article 29 (*Establishment of a Quorum*), without changing the current text, to include the provisions of section 2 of Article 25 (*Opening of the Premises and Monitoring Access Thereto*) on the recording in the minutes of the General Shareholders' Meeting of the holding thereof on second call due to not having the number of shares required for it to be held on first call, as the various proposed forms for holding the Meeting can be applied.
- g) Amendment of Articles 31 (the heading for which would now be *Requests to Make Presentations by Shareholders or their Proxy Representatives Attending in Person*), 33 (*Establishment of a Quorum for the General Shareholders' Meeting*), 34 (the heading for which would now be *Period for Presentations by Shareholders or their Proxy Representatives Attending in Person*), 35 (*Right to Receive Information during the General Shareholders' Meeting*) and 36 (the heading for which would now be *Order of Presentations, Requests and Proposals by Shareholders or their Proxy Representatives Attending in Person*) of the *Regulations* in order to specify the provisions of these articles that, due to the nature and current regulation thereof, apply to in-person attendance of the shareholders or their representatives.

The addition of a new Article 37 (with the subsequent articles of the *Regulations* being re-numbered as a result) is proposed in order to establish specific provisions applicable to remote attendance of the shareholders or their representatives.

This new article is based on the provision that the shareholders with the right to attend or their proxy representatives may attend the General Shareholders' Meeting remotely using such means as may be established by the Board of Directors in view of the state of the art and having verified the appropriate conditions of security and simplicity, and General Shareholders' Meetings may even be called to be held exclusively by remote means.

If remote attendance is provided for, in furtherance of the utmost transparency, the call to meeting and/or the corporate website, as appropriate, shall provide a description of the deadlines, forms and methods for the remote exercise of shareholder rights established by the Board of Directors, observing the provisions of law and the *By-Laws*, to allow for the proper conduct of the meeting.

In addition, this new Article 37 of the *Regulations* implements the rules applicable to connection to the remote attendance software application and to the presentations, requests for information during the General Shareholders' Meeting and proposed resolutions that, pursuant to law and the *By-Laws*, the shareholders or their representatives attending remotely wish to submit.

- h) Amendment of Article 40 (re-numbered as Article 41: *Voting on Proposed Resolutions*) of the *Regulations* in order to expressly provide for the period for remote voting, i.e. the period for voting by shareholders or their representatives attending the meeting remotely shall begin from the time that the chair of the General Shareholders' Meeting declares the establishment of a valid quorum thereat until the time that the proposed resolutions are formally submitted to a vote,



or such later time as may be indicated by the chair of the General Shareholders' Meeting.

- i) Amendment of Article 43 (re-numbered as Article 44: *Minutes*) of the *Regulations* in order to include a new section providing that if the General Shareholders' Meeting is held exclusively by remote means, the minutes of the meeting must be drawn up by a notary public, as required by the new subsection 3 of Section 521 of the *Companies Act*.

### 3. Layout of proposed amendments

To facilitate the proper exercise of voting rights by the shareholders, pursuant to the provisions of Section 197 *bis* of the *Companies Act* and Article 40.1 of the *Regulations for the General Shareholders' Meeting*, the proposed amendments to the *Regulations* are submitted for the approval of the shareholders at the General Shareholders' Meeting grouped into three separate blocks that will be voted on separately:

- **Item thirteen on the agenda:** *Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38, 39, 40 and 41 of the Regulations for the General Shareholders' Meeting* in order to update the name of the Governance and Sustainability System and to make other technical improvements.
- **Item fourteen on the agenda:** Amendment of Articles 9 and 20 of the *Regulations for the General Shareholders' Meeting* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.
- **Item fifteen on the agenda:** Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 and 43 of the *Regulations for the General Shareholders' Meeting* and addition of a new Article 37 to establish the rules for remote attendance, and numbering of the articles.

### 4. Proposed resolutions submitted to the shareholders at the General Shareholders' Meeting.

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

#### ***“ITEM NUMBER THIRTEEN ON THE AGENDA***

***Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38, 39, 40 and 41 of the Regulations for the General Shareholders' Meeting in order to update the name of the Governance and Sustainability System and to make other technical improvements.***

#### **RESOLUTION**

*Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38 (which becomes 39), 39 (which becomes 40), 40 (which becomes 41) and 41 (which becomes 42) of the Regulations for the General Shareholders' Meeting in order to update the name of the Governance and Sustainability System and to make other technical improvements. Articles 4, 6, 7, 8, 28, 30, 38 (which becomes 39), 39 (which becomes 40) and 41 (which becomes 42) shall hereafter read as follows:*

**“Article 4. Priority and Interpretation**

1. *These Regulations further develop and supplement legal and by-law provisions applicable to the General Shareholders' Meeting, which shall prevail in the event of contradiction with the provisions hereof, and shall be interpreted in accordance with the Governance and Sustainability System, of which they form a part.*
2. *Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders' Meeting shall be resolved by the chair thereof.”*

**“Article 6. Guide, Implementing Rules and Management Framework for the General Shareholders' Meeting**

1. *In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting, the Board of Directors may make available thereto a guide, in the medium it deems appropriate (including a virtual assistant), in order to clearly explain the most significant aspects regarding the operation of the General Shareholders' Meeting and the procedures established for the exercise of their rights thereat.*
2. *The Board of Directors may approve implementing rules that systematise, adapt and specify the provisions of the Governance and Sustainability System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.*
3. *The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding, and formalisation of resolutions at each General Shareholders' Meeting.*
4. *Pursuant to the provisions of the Sustainable Management Policy, the Company shall endeavour to ensure that all actions relating to the organisation of the General Shareholders' Meeting comply with the best practices in this area.”*

**“Article 7. Function**

1. *The General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide, by the majorities required in each case, those matters within their purview, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Governance and Sustainability System.*
2. *Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against or in blank, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such decisions.”*

**“Article 8. Types**

1. *A General Shareholders' Meeting may be annual or extraordinary.*



2. *The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve the annual financial statements, the directors' report, the allocation of profits or losses and the corporate management for the preceding financial year. Resolutions may also be adopted regarding any other matter within the purview of the shareholders, provided that any such matter appears on the agenda of the call to meeting or is legally appropriate and that the required quorum for the General Shareholders' Meeting has been formed for such purpose.*
3. *Any General Shareholders' Meeting other than as provided for in the preceding section shall be deemed to be an extraordinary General Shareholders' Meeting."*

**"Article 28. Duties of the Secretary for the General Shareholders' Meeting**

1. *The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:*
  - a) *To declare the Presiding Committee to be formed.*
  - b) *By delegation from the chair, to prepare the list of attendees, for which purpose the secretary shall have such assistance, means and system as are determined by the chair.*
  - c) *By delegation from the chair, to report to the shareholders at the General Shareholders' Meeting regarding the quorum, stating the number of shareholders present in person and by proxy, with an indication of the percentage of share capital they represent, as well as the number of shares represented in person and by proxy, also with the foregoing specification.*
  - d) *To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders' Meeting pursuant to law or the Governance and Sustainability System.*
  - e) *To draw up the minutes of the General Shareholders' Meeting, if applicable.*
  - f) *To exercise, at the direction of the chair of the General Shareholders' Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions."*

**"Article 30. List of Attendees**

1. *Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy representatives, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to the capital that corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Governance and Sustainability System.*



2. *The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair.*
3. *If the meeting is held in different places pursuant to the provisions of these Regulations, the list of attendees shall also specify the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.*
4. *The list of attendees shall be attached to the minutes of the General Shareholders' Meeting."*

#### **"Article 39. Continuation**

1. *Upon good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.*
2. *Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the Governance and Sustainability System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of Article 42.3."*

#### **"Article 40. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting**

1. *Shareholders may cast their absentee vote regarding proposals relating to the items included in the agenda of the call to meeting by the means indicated in section 2 of Article 19 above. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.*
2. *In order to vote by postal correspondence, shareholders must send to the Company the duly completed and signed attendance, proxy and absentee voting card issued in their favour by the corresponding institution, setting forth thereon the direction of their vote, their abstention or their blank vote.*
3. *Votes through the form available on the corporate website shall be cast using the means referred to in letter b) of Article 19.2 above.*
4. *Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day for the holding of the General Shareholders' Meeting on first call or second call, as applicable.*
5. *The absentee votes referred to in this article shall be rendered void:*
  - a) *By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.*





- b) *By attendance at the meeting of the shareholder casting the vote.*
  - c) *If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.*
6. *If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.*
7. *As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant a proxy using any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.*
8. *The Board of Directors is authorised to further develop the rules, means and procedures adjusted to current techniques in order to organise the casting of votes by other means, in each case in accordance with the rules and regulations issued for such purpose.*

*Specifically, the Board of Directors may: (i) establish rules for the use of personal passwords and other guarantees other than electronic signatures and the instant authentication system for casting votes by electronic correspondence or by other valid remote means of communication, as well as establish and regulate the appropriate assurances in the case of telephone communication; (ii) reduce the advance period established above for receipt by the Company of absentee votes cast by postal or electronic correspondence or by other means of remote communication; and (iii) accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation from either of them to accept, absentee votes received after such period, to the extent allowed by the means available.*

9. *The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.*
10. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, information and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through intermediary and management institutions or depositaries of shares, all in accordance with the provisions set forth in the Company's Governance*



*and Sustainability System and in the rules that the Board of Directors may establish in order to further develop such provisions.”*

**“Article 42. Approval of Resolutions and Announcement of Voting Results**

1. *The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the majorities required by law or the By-Laws. Each voting share, whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in Article 28 of the By-Laws, other instances in which the By-Laws provide for the suspension of voting rights, or the restrictions established by law.*
2. *Except in cases in which the law or the By-Laws require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.*
3. *For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the By-Laws, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.*
4. *Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders' Meeting, regarding the direction of their vote for such statements to be recorded in the minutes of the meeting.*
5. *Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any.”*

*Articles 9 and 20 shall read as proposed under item number fourteen on the agenda and Articles 19, 29 and 40 (which becomes 41) as proposed under item number fifteen on the agenda, which includes in all cases the update of the name of the Governance and Sustainability System.”*



## **“ITEM NUMBER FOURTEEN ON THE AGENDA**

***Amendment of Articles 9 and 20 of the Regulations for the General Shareholders' Meeting to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.***

### **RESOLUTION**

*Amendment of Articles 9 and 20 of the Regulations for the General Shareholders' Meeting to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement. Said articles shall hereafter read as follows:*

#### **“Article 9. Powers**

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the By-Laws, these Regulations or other rules of the Governance and Sustainability System, and particularly regarding the following:*
  - A. *With respect to the Board of Directors and the directors:*
    - a) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
    - b) *The approval of the establishment and application of systems for remuneration of the directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
    - c) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
    - d) *The commencement of derivative liability actions against directors.*
  - B. *With respect to the annual financial statements and corporate management:*
    - a) *The approval of the separate annual financial statements and directors' report of the Company and of the annual financial statements and directors' report of the Company consolidated with those of its subsidiaries.*
    - b) *The approval of the statement of non-financial information.*
    - c) *The allocation of profits/losses.*
    - d) *The approval of corporate management.*
  - C. *With respect to amendments to the rules of the Governance and Sustainability System:*
    - a) *The amendment of the By-Laws.*
    - b) *The approval and amendment of these Regulations.*



- c) *The approval of the director remuneration policy upon the terms provided by law.*
- D. *With respect to an increase or reduction in share capital, acquisition of own shares and issue of debentures:*
- a) *An increase or reduction in share capital.*
  - b) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - c) *The delegation to the Board of Directors of the power to carry out an increase in share capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
  - d) *The exclusion or limitation of pre-emptive rights.*
  - e) *The authorisation for the derivative acquisition of the Company's own shares.*
  - f) *The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- E. *With respect to structural changes of the Company and functionally similar operations and related-party transactions:*
- a) *The transformation of the Company.*
  - b) *The merger or split-off of the Company upon the terms provided by law.*
  - c) *The overall assignment of assets and liabilities.*
  - d) *The transfer of the registered office abroad.*
  - e) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.*
  - f) *The acquisition, transfer or contribution of key assets from or to another company.*
  - g) *The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.*



*F. With respect to statutory auditors:*

- a) *The appointment, re-election and removal of the statutory auditors.*
- b) *The commencement of derivative liability actions against the statutory auditors.*

*G. With respect to the dissolution and liquidation of the Company:*

- a) *The dissolution of the Company.*
- b) *The appointment and removal of the liquidators.*
- c) *The approval of the final liquidation balance sheet.*
- d) *The commencement of derivative liability actions against the liquidators.*
- e) *The approval of transactions having an effect equivalent to liquidation of the Company.*

2. *The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their purview pursuant to law or the Governance and Sustainability System.*
3. *The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also pass upon on any other reports or proposals submitted by the Board of Directors."*

**"Article 20. Attendance, Proxy and Absentee Voting Cards**

1. *The Company may issue the attendance, proxy and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also propose to the entities members of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) and to the intermediary and management institutions and depositaries in general, the form of such cards as well as the formula that must be recited in order to grant a proxy, which, in the absence of specific instructions from the party granting the proxy, may also set forth the direction in which the proxy representative is to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy and absentee voting card may also specify the identity of the proxy representative and the alternate or alternates for the proxy representative in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.*

*The Company shall ensure that the cards are uniform and include a bar code or other system that allows for electronic or remote scanning in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders' Meeting.*

2. *The proxy or voting instructions of the shareholders acting through intermediary and management institutions or depositaries may be received by the Company through any valid system or remote means of communication, signed by the shareholder or by the*





*institution. The institutions may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.*

3. *If an intermediary or management institution or depositary sends to the Company an attendance, proxy and absentee voting card or verification instrument of a shareholder duly identified in the document and bearing the signature, stamp and/or mechanical impression of the institution, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such institution to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.*
4. *In other respects, the other rules contained in the Governance and Sustainability System and those that may be established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.*
5. *All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote. The Company is only answerable to the entity or person validated as a shareholder pursuant to the book-entry register.”*

## **“ITEM NUMBER FIFTEEN ON THE AGENDA**

**Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 and 43 of the Regulations for the General Shareholders' Meeting and addition of a new Article 37 to establish the rules for remote attendance, and numbering of the articles.**

### **RESOLUTION**

*Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 (which becomes 41) and 43 (which becomes 44) of the Regulations for the General Shareholders' Meeting and addition of a new Article 37 to implement regulations on remote attendance and numbering of the articles. Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 (which becomes 41) and 43 (which becomes 44) shall hereafter read as follows:*

#### **“Article 11. Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda**

1. *The General Shareholders' Meeting may be held in any of the following ways:*
  - a) *In person only.*
  - b) *In person with the ability to attend remotely.*
  - c) *If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.*



2. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
  - a) *The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
  - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
  - c) *The Company's corporate website.*
3. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*
  - a) *The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means).*
  - b) *The date, time and, if applicable, the place of the meeting on first call, and the agenda, with a statement of all matters to be dealt with.*
  - c) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.*
  - d) *The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*
  - e) *A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.*
  - f) *Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.*
  - g) *The address of the Company's corporate website.*
  - h) *The attendance bonus that the Board of Directors may resolve to pay to shareholders attending the General Shareholders' Meeting in accordance with the policy approved for such purpose.*

*The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.*



4. *The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law."*

**"Article 14. Corporate Website**

1. *The Company shall use its corporate website to promote the informed participation of all shareholders in the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.*
2. *From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company shall continuously publish on its corporate website in electronic format and in an organised and environmentally-friendly manner, such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:*
  - a) *The announcement of the call to the General Shareholders' Meeting.*
  - b) *The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.*
  - c) *Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of the directors, the statutory auditors and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.*
  - d) *In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the explanatory report prepared by the Board of Directors and the proposal of the Appointments Committee in the case of independent directors, and the report of said committee in other cases.*
  - e) *The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.*
  - f) *The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy and absentee voting card, if any.*



- g) *The means and procedures for attending the General Shareholders' Meeting remotely, if remote attendance is provided for.*
3. *Furthermore, after the publication of the announcement of the call to the Annual General Shareholders' Meeting, the Company shall include on its corporate website the following documentation, which the Board of Directors may group into one or more reports:*
- a) *The report on the independence of the statutory auditor prepared by the Audit and Risk Supervision Committee.*
  - b) *The related-party transactions report prepared by the Audit and Risk Supervision Committee.*
  - c) *The activities report of the Board of Directors and of the Committees thereof.*
  - d) *The integrated report.*
  - e) *Any other reports determined by the Board of Directors.*
4. *After the publication of the announcement of the call to meeting, the Company shall use its best efforts to include in its corporate website an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.*
5. *Pursuant to the provisions of applicable law, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website upon the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.*

**“Article 18. Other Attendees**

1. *The members of the Board of Directors must attend the General Shareholders' Meeting in person or remotely. The absence of any of them shall not affect the validity thereof.*
2. *The chair of the General Shareholders' Meeting may authorise the meeting to be attended in person or remotely by members of the management team, professionals and other persons with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts and any other person the chair deems appropriate. The shareholders acting at the General Shareholders' Meeting may revoke such authorisation.*
3. *Personnel from the Shareholder's Office and the person performing the duties described in Article 27.3 below shall also attend the General Shareholders' Meeting in person or remotely.”*

**“Article 19. Right to Proxy Representation**

1. *Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Governance and Sustainability System.*
2. *The proxy may be granted by delivering to the proxy representative the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means, as determined by the Board of Directors:*
  - a) *Through the financial intermediary and management institutions and depositaries in which their shares are deposited, in order for said institutions to in turn cause the instructions received to be delivered to the Company.*
  - b) *Through the proxy form available on the Company's corporate website, using the instant authentication systems implemented by the Company, recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.*

*For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.*
  - c) *Advance delivery of the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced on the Company's corporate website.*
  - d) *Sending the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.*
  - e) *By any other means of remote communication (including communication by telephone) that the Board of Directors determines to favour the participation of the largest possible number of shareholders, provided that notice thereof is given on the corporate website at the time of publishing the announcement of the call to meeting, that it provides sufficient guarantees of the authenticity and identification of the shareholder granting the proxy, and, if appropriate, that it duly ensures the security of the communications.*
3. *A proxy granted by any of the means indicated in the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is to be held on first call or on second call, as applicable.*
4. *The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means and procedures adjusted to current techniques in order to organise the grant of proxies by other means, in each case in accordance with the rules and regulations issued for such purpose.*





*Specifically, the Board of Directors may: (i) establish rules for the use of personal passwords and other safeguards other than electronic signatures and the instant authentication system for the grant of proxies by electronic correspondence or by other valid remote means of communication, as well as establish and regulate the appropriate safeguards in the case of telephone communication; (ii) reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence or by other means of remote communication; and (iii) accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, proxies received after such period, to the extent allowed by the means available.*

5. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and legitimacy of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument evidencing attendance or representation by proxy.*
6. *A proxy is always revocable. Attendance in person, or remotely if permissible, by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.*
7. *A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.*
8. *A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda of the call to meeting.*
9. *If a proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions or questions arise as to the intended proxy representative or the scope of the representation, and unless otherwise expressly indicated by the shareholder, it shall be deemed that the proxy: (i) is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to meeting; (iii) contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy representative shall vote in the direction the proxy representative deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.*

*This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt and specify the provisions of the Governance and Sustainability System regarding the management of the General Shareholders' Meeting.*

10. *Before being appointed, the proxy representative shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been*



*advised of the possible existence of such conflict, the proxy representative shall immediately inform the shareholder thereof. In both cases, if the proxy representative has not received new specific voting instructions regarding each of the matters on which the proxy representative has to vote on behalf of the shareholder, the proxy representative shall abstain from voting, without prejudice to the provisions of the following section.*

11. *Unless otherwise expressly indicated by the shareholder, if the proxy representative is affected by a conflict of interest and has no specific voting instructions, or if the proxy representative has them but it is deemed preferable that the proxy representative not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy representatives for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.*
12. *A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of Article 41.5 below."*

#### **"Article 21. Place of the Meeting**

1. *A General Shareholders' Meeting called to be held only in person or in person with the ability to attend remotely shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the registered office.*
2. *The General Shareholders' Meeting may be attended in person by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.*
3. *A General Shareholders' Meeting held exclusively by remote means shall be deemed to be held at the registered office, regardless of where the chair of the General Shareholders' Meeting is located."*

#### **"Article 22. Infrastructure, Equipment and Services**

1. *The premises, if any, to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment, and safety, assistance and emergency measures commensurate with the nature and location of the building and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall*



*have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.*

2. *The Company may make available other licensed premises where the General Shareholders' Meeting can be held in the event of an emergency.*
3. *Appropriate controls and surveillance and protection measures, including systems for controlling access to the meeting, shall be established in order to ensure the safety of any attendees in person and the orderly conduct of the General Shareholders' Meeting.*
4. *Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording and/or transmission equipment and in general any instrument that might alter the visibility, sound or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.*
5. *The proceedings of the General Shareholders' Meeting shall be the subject of audiovisual recording, unless the chair of the General Shareholders' Meeting decides otherwise. They may also be the subject of storage and live or recorded broadcast by any means, including over the internet, and dissemination on social media, on the legal basis of the Company's legitimate interest in complying with best transparency practices. A data subject shall have the rights of access, rectification, objection, erasure and restriction of processing of the data collected by the Company on the terms established by law by sending a letter addressed to the registered office or to the Shareholder's Office (the postal address of which shall be provided by the Company for each Meeting) and at the e-mail address established by the Company for each Meeting. The data subject may also request more detailed information regarding the Company's privacy policy at the postal and electronic addresses indicated above.*
6. *Whenever reasonably possible, the Company shall endeavour to ensure that the premises, if any, at which the General Shareholders' Meeting is held have the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.*
7. *The Company may also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose."*

**"Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results**

1. *The Company shall have the personnel and technical equipment required to perform the monitoring and counting of the attendance, proxy and absentee voting cards.*
2. *On the day of the General Shareholders' Meeting, the premises, if any, indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of those attending the meeting and to determine the quorum, prepare the list of attendees present in person and by proxy, and calculate the voting results.*



3. *In order to undertake such activities, the Company may, in accordance with applicable rules and regulations, ask “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) to provide a list of the Company’s shareholders and the number of shares appearing in the name of each shareholder.”*

#### **“Article 24. Shareholder’s Office**

*The Company shall set up a Shareholder’s Office in a visible place at the premises, if any, indicated for the General Shareholders’ Meeting in order to:*

- a) *Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals and vote.*
- b) *Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their presentations, if such presentations are available in writing.*
- c) *Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or by shareholders for submission at the General Shareholders’ Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders’ Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors’ reports and other documentation relating to the proposed resolutions shall also be made available to them.”*

#### **“Article 25. Opening of the Premises and Monitoring Access Thereto**

1. *If attendance in person is allowed, at the place and on the date provided in the announcement for the holding of the General Shareholders’ Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.*
2. *Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders’ Meeting is held may attend the meeting as guests (in the room where the meeting is held or, if so decided by the chair of the General Shareholders’ Meeting, in an adjoining room from where they can follow the meeting).”*

#### **“Article 26. Presiding Committee, Chair and Secretary**

1. *The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and of the other members of the Board of Directors attending the meeting (either in person or remotely). Without prejudice to the powers assigned thereto in these Regulations, the Presiding Committee shall assist the chair of the General Shareholders’ Meeting in performing the duties entrusted thereto.*





2. *The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the By-Laws; and in the absence of the foregoing, the person appointed by the Presiding Committee shall chair the meeting.*
3. *The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall act in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.*
4. *If the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting, the provisions of sections 2 and 3 above shall also apply as regards their situation in the performance of their duties.*
5. *In addition, the chair of the General Shareholders' Meeting may obtain the assistance of any person the chair deems appropriate."*

**"Article 29. Establishment of a Quorum**

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the By-Laws, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held on first or second call.*
2. *Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of Article 21.2 of the By-Laws.*
3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Governance and Sustainability System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.*
5. *In the event that the General Shareholders' Meeting must be held on second call because the number of shares legally required to hold it on first call is not present, such circumstances shall be properly recorded in the minutes of the General Shareholders' Meeting."*





**“Article 31. Requests to Make Presentations by Shareholders or their Proxy Representatives Attending in Person**

*Shareholders or their proxy representatives attending in person and desiring to make a presentation at the General Shareholders' Meeting must so request at the Shareholder's Office or of such person as is indicated for these purposes before the meeting is called to order and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.”*

**“Article 33. Establishment of a Quorum for the General Shareholders' Meeting**

1. *Prior to the commencement of the presentation period, if appropriate based on the manner of holding the General Shareholders' Meeting, and in any case prior to the voting on the proposed resolutions, the chair of the General Shareholders' Meeting or the secretary by delegation therefrom shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and of shares in attendance at the meeting, with an indication of the share capital that such shares represent. The chair, or if applicable, the secretary, may refer to the data resulting from the list of attendees projected onto the screens at the place where the meeting is held and/or through the remote attendance platform, instead of reading the data.*
2. *The chair of the General Shareholders' Meeting shall then, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.*
3. *If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, reporting on the request that the notary public prepare the minutes of the meeting.*
4. *If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders' Meeting and record in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.”*

**“Article 34. Period for Presentations by Shareholders or their Proxy Representatives Attending in Person**

- a) *Presentations by shareholders or their proxy representatives who attend in person shall be made in the order in which they are called by the secretary. No shareholder or proxy representative may make a presentation without having been granted the floor or in order to deal with matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.*
- b) *Shareholders or their proxy representatives must make reasonable use of their right to make a presentation with respect to both the duration thereof, which shall be a*



*maximum of five minutes, without prejudice to the chair's powers to limit or extend such time, and the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.*

- c) *At the time of registration, those shareholders or their proxy representatives who so desire may deliver the written text of their presentation to the Shareholder's Office in order to obtain a photocopy and thus facilitate the proceedings at the meeting and the preparation of the minutes. This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In this case, the Shareholder's Office shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder's presentation at the time it is made.*
- d) *In addition, during the shareholder presentation period, the representative of the Company designated by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions of such representative for the latter to transmit them to the chair."*

**"Article 35. Right to Receive Information during the General Shareholders' Meeting**

- 1. *During the presentation period, shareholders or their proxy representatives attending in person may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of Article 31 above.*
- 2. *The Company shall provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of Article 15 above and without prejudice to the provisions of section 5 thereof.*
- 3. *The information or clarifications requested shall be provided by the chair or by any other person designated thereby.*
- 4. *If it is not possible to respond to the request for information, clarification or question during the proceedings, the response shall be sent in writing within the next seven days.*
- 5. *A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting."*

**“Article 36. Order of Presentations, Requests and Proposals by Shareholders or their Proxy Representatives Attending in Person**

1. *The powers of shareholders or their proxy representatives attending in person to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which the proposals should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, the proposals are excluded by law, or the proposals infringe upon the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide without such resolutions appearing on the agenda of the call to meeting.*
2. *In the exercise of the chair's powers to ensure the orderly conduct of the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:*
  - a) *Extend the time initially allocated to each presenting party, when the chair deems it appropriate.*
  - b) *Decide the order in which answers will be provided and whether such answers will be given following each presentation period or collectively and, if appropriate, in summarised form after the last presentation.*
  - c) *End the shareholder presentation period.*
  - d) *Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.*
  - e) *Call the presenting parties to order so that they limit their presentation to business properly before the General Shareholders' Meeting and refrain from making improper statements or exercising their right to make presentations in an abusive or obstructionist manner.*
  - f) *Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding paragraph, withdraw the floor therefrom.*
  - g) *Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.*
3. *The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.*
4. *The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the*



*presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda of the call to meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of Article 41.4 of these Regulations shall apply, without prejudice to the chair's ability to decide on the use of other procedures or alternative voting systems."*

**"Article 37. Particular Rules regarding Remote Attendance by Shareholders or their Proxy Representatives**

1. *Pursuant to the provisions of law and the By-Laws, and independently of the right to cast an absentee vote in the manner set forth in these Regulations, shareholders with the right to attend or their proxy representatives may attend the General Shareholders' Meeting remotely using such means as may be established by the Board of Directors in view of the state of the art and having verified the appropriate conditions of security and simplicity.*
2. *If the Board of Directors provides for a General Shareholders' Meeting to be held in person with the ability to attend remotely or exclusively by remote means, the call to meeting and/or the corporate website, as appropriate, shall provide a description of the deadlines, forms and methods for the remote exercise of shareholder rights established by the Board of Directors, observing the provisions of law and the By-Laws, to allow for the proper conduct of the meeting.*
3. *The connection to the software application to remotely attend the General Shareholders' Meeting should be made as much in advance of the time scheduled for the start of the meeting as is stated in the call to meeting. Shareholders or their proxy representatives shall be deemed not present if they initiate the connection after the deadline set for this purpose.*
4. *The Board of Directors shall determine the period for sending presentations, requests for information during the General Shareholders' Meeting and proposed resolutions that shareholders or their proxy representatives attending remotely wish to make through the remote attendance software application in accordance with law and the By-Laws, and may also establish reasonable extensions of time. The provisions of Article 36.4 above of these Regulations, insofar as applicable, shall apply to any proposed resolutions validly submitted by remote attendees.*
5. *The replies to the requests for information referred to in the preceding section, when appropriate, shall be given during the meeting itself or in writing within seven days following the holding of the General Shareholders' Meeting."*

**"Article 41. Voting on Proposed Resolutions**

1. *Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these Regulations, the proposed resolutions regarding matters included in the agenda of the call to meeting and any others that, pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Governance and Sustainability System, shall be*





*submitted to a vote. The period for remote voting, if applicable, shall begin from the time that the chair of the General Shareholders' Meeting declares the establishment of a valid quorum thereat until the time that the proposed resolutions are formally submitted to a vote as provided above, or such later time as may be indicated by the chair of the General Shareholders' Meeting.*

2. *The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the By-Laws, that of each article or discrete group of articles, and (iii) those matters for which this is provided in the Governance and Sustainability System.*
3. *The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders' Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be deemed automatically withdrawn and therefore not be voted upon.*
4. *As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:*
  - a) *In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank or abstain, stating so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders' Meeting) for note thereof to be taken in the minutes of the meeting; shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed votes in favour.*
  - b) *In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or*





*representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.*

5. *If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.*
6. *Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients."*

**"Article 44. Minutes**

1. *The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.*
2. *Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the By-Laws.*
3. *In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not require approval.*
4. *If the General Shareholders' Meeting is held exclusively by remote means, the minutes of the meeting must be drawn up by a notary public."*

In Bilbao, on 11 May 2021.

**ANNEX**

<b>Current text of the <i>Regulations for the General Shareholders' Meeting</i></b>	<b>Proposed amendments</b>
<b>Article 4. Priority and Interpretation</b>	<b>Article 4. Priority and Interpretation</b>
1. These <i>Regulations</i> further develop and supplement legal and by-law provisions applicable to the General Shareholders' Meeting, which shall prevail in the event of contradiction with the provisions hereof, and shall be interpreted in accordance with the Corporate Governance System, of which they form a part.	1. These <i>Regulations</i> further develop and supplement legal and by-law provisions applicable to the General Shareholders' Meeting, which shall prevail in the event of contradiction with the provisions hereof, and shall be interpreted in accordance with the <del>Corporate—Governance</del> <u>Governance and Sustainability System</u> , of which they form a part.
2. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders' Meeting shall be resolved by the chair thereof.	2. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders' Meeting shall be resolved by the chair thereof.
<b>Article 6. Guide, Implementing Rules and Management Framework for the General Shareholders' Meeting</b>	<b>Article 6. Guide, Implementing Rules and Management Framework for the General Shareholders' Meeting</b>
1. In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting, the Board of Directors may make available thereto a guide, in the medium it deems appropriate (including a virtual assistant), in order to clearly explain the most significant aspects regarding the operation of the General Shareholders' Meeting and the procedures established for the exercise of their rights thereat.	1. In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting, the Board of Directors may make available thereto a guide, in the medium it deems appropriate (including a virtual assistant), in order to clearly explain the most significant aspects regarding the operation of the General Shareholders' Meeting and the procedures established for the exercise of their rights thereat.
2. The Board of Directors may approve rules of implementation that systematise, adapt and specify the provisions of the Corporate Governance System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.	2. The Board of Directors may approve implementing rules that systematise, adapt and specify the provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.
3. The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management	3. The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management



framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding, and formalisation of resolutions at each General Shareholders' Meeting.	framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding, and formalisation of resolutions at each General Shareholders' Meeting.
4. Pursuant to the provisions of the <i>Sustainable Management Policy</i> , the Company shall endeavour to ensure that all actions relating to the organisation of the General Shareholders' Meeting comply with the best practices in this area.	4. Pursuant to the provisions of the <i>Sustainable Management Policy</i> , the Company shall endeavour to ensure that all actions relating to the organisation of the General Shareholders' Meeting comply with the best practices in this area.
<b>Article 7. Function</b>	<b>Article 7. Function</b>
1. The General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide, by the majorities required in each case, those matters within their purview, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Corporate Governance System.	1. The General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide, by the majorities required in each case, those matters within their purview, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the <b>Corporate Governance</b> <u>Governance and Sustainability</u> System.
2. Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against or in blank, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such decisions.	2. Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against or in blank, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such decisions.
<b>Article 8. Types</b>	<b>Article 8. Types</b>
1. A General Shareholders' Meeting may be annual or extraordinary.	1. A General Shareholders' Meeting may be annual or extraordinary.
2. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve the corporate management, approve the annual financial statements for the prior financial year and decide upon the allocation of profits or losses. Resolutions may also be adopted regarding any other matter within the	2. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve <del>the corporate management, approve</del> the annual financial statements, the directors' report, <del>for the prior financial year and decide upon</del> <u>the allocation of profits or losses and the corporate management for the preceding financial year</u> . Resolutions



<p>purview of the shareholders, provided that any such matter appears on the agenda of the call to meeting or is legally appropriate and that the required quorum for the General Shareholders' Meeting has been formed for such purpose.</p>	<p>may also be adopted regarding any other matter within the purview of the shareholders, provided that any such matter appears on the agenda of the call to meeting or is legally appropriate and that the required quorum for the General Shareholders' Meeting has been formed for such purpose.</p>
<p>3. Any General Shareholders' Meeting other than as provided for in the preceding section shall be deemed to be an extraordinary General Shareholders' Meeting.</p>	<p>3. Any General Shareholders' Meeting other than as provided for in the preceding section shall be deemed to be an extraordinary General Shareholders' Meeting.</p>
<p><b>Article 9. Powers</b></p>	<p><b>Article 9. Powers</b></p>
<p>1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the <i>By-Laws</i>, these <i>Regulations</i> or other rules of the Corporate Governance System, and particularly regarding the following:</p>	<p>1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the <i>By-Laws</i>, these <i>Regulations</i> or other rules of the <del>Corporate—Governance</del><u>Governance and Sustainability</u> System, and particularly regarding the following:</p>
<p>A. With respect to the Board of Directors and the directors:</p>	<p>A. With respect to the Board of Directors and the directors:</p>
<p>a) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.</p>	<p>a) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.</p>
<p>b) The approval of the establishment and application of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.</p>	<p>b) The approval of the establishment and application of systems for remuneration of the <del>Company's</del> directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.</p>
<p>c) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.</p>	<p>c) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.</p>
<p>d) The commencement of derivative liability actions against directors.</p>	<p>d) The commencement of derivative liability actions against directors.</p>



B. With respect to the annual financial statements and corporate management:	B. With respect to the annual financial statements and corporate management:
a) The approval of the separate annual financial statements of the Company and of the annual financial statements of the Company consolidated with those of its subsidiaries.	a) The approval of the separate annual financial statements <u>and directors' report</u> of the Company and of the annual financial statements <u>and directors' report</u> of the Company consolidated with those of its subsidiaries.
b) The approval of the statement of non-financial information.	b) The approval of the statement of non-financial information.
c) The allocation of profits/losses.	c) The allocation of profits/losses.
d) The approval of corporate management.	d) The approval of corporate management.
C. With respect to amendments to the rules of the Corporate Governance System:	C. With respect to amendments to the rules of the <b>Corporate Governance</b> <u>and Sustainability</u> System:
a) The amendment of the <i>By-Laws</i> .	a) The amendment of the <i>By-Laws</i> .
b) The approval and amendment of these <i>Regulations</i> .	b) The approval and amendment of these <i>Regulations</i> .
c) The approval of the director remuneration policy upon the terms provided by law.	c) The approval of the director remuneration policy upon the terms provided by law.
D. With respect to an increase or reduction in share capital, acquisition of own shares and issue of debentures:	D. With respect to an increase or reduction in share capital, acquisition of own shares and issue of debentures:
a) An increase or reduction in share capital.	a) An increase or reduction in share capital.
b) The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.	b) The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.
c) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case,	c) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case,





the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.	the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.
d) The exclusion or limitation of pre-emptive rights.	d) The exclusion or limitation of pre-emptive rights.
e) The authorisation for the derivative acquisition of the Company's own shares.	e) The authorisation for the derivative acquisition of the Company's own shares.
f) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.	f) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.
E. With respect to structural changes of the Company and functionally similar operations:	E. With respect to structural changes of the Company and functionally similar operations <u>and related-party transactions:</u>
a) The transformation of the Company	a) The transformation of the Company
b) The merger or split-off of the Company upon the terms provided by law.	b) The merger or split-off of the Company upon the terms provided by law.
c) The overall assignment of assets and liabilities.	c) The overall assignment of assets and liabilities.
d) The transfer of the registered office abroad.	d) The transfer of the registered office abroad.
e) The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.	e) The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.
f) The acquisition, transfer or contribution of key assets from or to another company.	f) The acquisition, transfer or contribution of key assets from or to another company.
	g) <u>The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.</u>



F. With respect to statutory auditors:	F. With respect to statutory auditors:
a) The appointment, re-election and removal of the statutory auditors.	a) The appointment, re-election and removal of the statutory auditors.
b) The commencement of derivative liability actions against the statutory auditors.	b) The commencement of derivative liability actions against the statutory auditors.
G. With respect to the dissolution and liquidation of the Company:	G. With respect to the dissolution and liquidation of the Company:
a) The dissolution of the Company.	a) The dissolution of the Company.
b) The appointment and removal of the liquidators.	b) The appointment and removal of the liquidators.
c) The approval of the final liquidation balance sheet.	c) The approval of the final liquidation balance sheet.
d) The commencement of derivative liability actions against the liquidators.	d) The commencement of derivative liability actions against the liquidators.
e) The approval of transactions having an effect equivalent to liquidation of the Company.	e) The approval of transactions having an effect equivalent to liquidation of the Company.
2. The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their purview pursuant to law or the Corporate Governance System.	2. The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their purview pursuant to law or the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
3. The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also pass upon on any other reports or proposals submitted by the Board of Directors.	3. The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also pass upon on any other reports or proposals submitted by the Board of Directors.
<b>Article 11. Announcement of the Call to Meeting and Agenda</b>	<b>Article 11. <del>Announcement</del><u>Methods of Holding the Meeting, Announcement</u> of the Call to Meeting and Agenda</b>
	<u>1. The General Shareholders' Meeting may be held in any of the following ways:</u>
	<u>a) In person only.</u>
	<u>b) In person with the ability to attend remotely.</u>



		<u>c) If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.</u>
1. The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:	<u>2.</u>	<del>4.</del> —The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:
a) The Official Bulletin of the Commercial Registry ( <i>Boletín Oficial del Registro Mercantil</i> ) or one of the more widely circulated newspapers in Spain.		a) The Official Bulletin of the Commercial Registry ( <i>Boletín Oficial del Registro Mercantil</i> ) or one of the more widely circulated newspapers in Spain.
b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).		b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).
c) The Company's corporate website.		c) The Company's corporate website.
2. The announcement of the call to meeting must contain all statements required by law in each case and must set forth:	<u>3.</u>	<del>2.</del> —The announcement of the call to meeting must contain all statements required by law in each case and must set forth:
		a) <u>The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means).</u>
a) The date, place and time of the meeting on first call, and the agenda for the meeting, with a statement of all matters to be dealt with.		b) <del>a)</del> —The date, <del>place</del> and time <u>and, if applicable, the place</u> of the meeting on first call, and the agenda <del>for the meeting</del> , with a statement of all matters to be dealt with.
b) A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.		c) <del>b)</del> —A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.
c) The date on which the holders of the Company's shares must have them		d) <del>e)</del> —The date on which the holders of the Company's shares must have



registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.	them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.
d) A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.	e) <del>d)</del> A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.
	f) <a href="#"><u>Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.</u></a>
e) The address of the Company's corporate website.	g) <del>e)</del> The address of the Company's corporate website.
f) The attendance bonus that the Board of Directors may resolve to pay to shareholders attending the General Shareholders' Meeting in accordance with the policy approved for such purpose.	h) <del>f)</del> <a href="#"><u>The attendance bonus that the Board of Directors may resolve to pay to shareholders attending the General Shareholders' Meeting in accordance with the policy approved for such purpose.</u></a>
The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.	The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.
3. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to	<del>3.</del> <a href="#"><u>4.</u></a> <del>3.</del> The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to



meeting, unless otherwise provided by law.	meeting, unless otherwise provided by law.
<b>Article 14. Corporate Website</b>	<b>Article 14. Corporate Website</b>
1. The Company shall use its corporate website to promote the informed participation of all shareholders in the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.	1. The Company shall use its corporate website to promote the informed participation of all shareholders in the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.
2. From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company shall continuously publish on its corporate website in electronic format and in an organised and environmentally-friendly manner, such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:	2. From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company shall continuously publish on its corporate website in electronic format and in an organised and environmentally-friendly manner, such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:
a) The announcement of the call to the General Shareholders' Meeting.	a) The announcement of the call to the General Shareholders' Meeting.
b) The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.	b) The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.
c) Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of the directors, the statutory auditors and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.	c) Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of the directors, the statutory auditors and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.
d) In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and	d) In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and





<p>biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the explanatory report prepared by the Board of Directors and the proposal of the Appointments Committee in the case of independent directors, and the report of said committee in other cases.</p>	<p>biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the explanatory report prepared by the Board of Directors and the proposal of the Appointments Committee in the case of independent directors, and the report of said committee in other cases.</p>
<p>e) The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.</p>	<p>e) The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.</p>
<p>f) The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy and absentee voting card, if any.</p>	<p>f) The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy and absentee voting card, if any.</p>
	<p>g) <a href="#"><u>The means and procedures for attending the General Shareholders' Meeting remotely, if remote attendance is provided for.</u></a></p>
<p>3. Furthermore, after the publication of the announcement of the call to the Annual General Shareholders' Meeting, the Company shall include on its corporate website the following documentation, which the Board of Directors may group into one or more reports:</p>	<p>3. Furthermore, after the publication of the announcement of the call to the Annual General Shareholders' Meeting, the Company shall include on its corporate website the following documentation, which the Board of Directors may group into one or more reports:</p>



(a) The report on the independence of the statutory auditor prepared by the Audit and Risk Supervision Committee.	(a) The report on the independence of the statutory auditor prepared by the Audit and Risk Supervision Committee.
(b) The related-party transactions report prepared by the Appointments Committee.	(b) The related-party transactions report prepared by the <a href="#">Appointments Audit and Risk Supervision</a> Committee.
(c) The activities report of the Board of Directors and of the Committees thereof.	(c) The activities report of the Board of Directors and of the Committees thereof.
(d) The integrated report.	(d) The integrated report.
(e) Any other reports determined by the Board of Directors.	(e) Any other reports determined by the Board of Directors.
4. After the publication of the announcement of the call to meeting, the Company shall use its best efforts to include in its corporate website an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.	4. After the publication of the announcement of the call to meeting, the Company shall use its best efforts to include in its corporate website an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.
5. Pursuant to the provisions of applicable law, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website upon the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.	5. Pursuant to the provisions of applicable law, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website upon the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.
<b>Article 18. Other Attendees</b>	<b>Article 18. Other Attendees</b>
1. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity thereof.	1. The members of the Board of Directors must attend the General Shareholders' Meeting <a href="#">in person or remotely</a> . The absence of any of them shall not affect the validity thereof.
2. The chair of the General Shareholders' Meeting may authorise the meeting to be attended by officers, employees and other persons with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts and any other person the chair deems appropriate. The shareholders acting at the General	2. The chair of the General Shareholders' Meeting may authorise the meeting to be attended <a href="#">in person or remotely</a> by <a href="#">members of the management team</a> <del>officers</del> , <del>employees</del> <a href="#">professionals</a> and other persons with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts and any other person the chair deems appropriate. The



Shareholders' Meeting may revoke such authorisation.	shareholders acting at the General Shareholders' Meeting may revoke such authorisation.
3. Personnel from the Shareholder's Office and the person performing the duties described in Article 27.3 below shall also attend the General Shareholders' Meeting.	3. Personnel from the Shareholder's Office and the person performing the duties described in Article 27.3 below shall also attend the General Shareholders' Meeting <a href="#">in person or remotely</a> .
<b>Article 19. Right to Proxy Representation</b>	<b>Article 19. Right to Proxy Representation</b>
1. Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.	1. Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the <del>Corporate—Governance</del> <a href="#">Governance and Sustainability System</a> .
2. The proxy may be granted by delivering to the proxy representative the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means:	2. The proxy may be granted by delivering to the proxy representative the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means, <a href="#">as determined by the Board of Directors</a> :
a) Through the financial intermediary and management institutions and depositaries in which their shares are deposited, in order for said institutions to in turn cause the instructions received to be delivered to the Company.	a) Through the financial intermediary and management institutions and depositaries in which their shares are deposited, in order for said institutions to in turn cause the instructions received to be delivered to the Company.
b) Through the proxy form available on the Company's corporate website, using the instant authentication systems implemented by the Company, recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.	b) Through the proxy form available on the Company's corporate website, using the instant authentication systems implemented by the Company, recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.
For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other	For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other



form determined by the Board of Directors shall be deemed to be a proper assurance.	form determined by the Board of Directors shall be deemed to be a proper assurance.
c) Advance delivery of the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced on the Company's corporate website.	c) Advance delivery of the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced on the Company's corporate website.
d) Sending the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.	d) Sending the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.
e) By any other means of remote communication that the Board of Directors determines to favour the participation of the largest possible number of shareholders, provided that notice thereof is given on the corporate website at the time of publishing the announcement of the call to meeting, that it provides sufficient guarantees of the authenticity and identification of the shareholder granting the proxy, and, if appropriate, that it duly ensures the security of the electronic communications.	e) By any other means of remote communication <a href="#">(including communication by telephone)</a> that the Board of Directors determines to favour the participation of the largest possible number of shareholders, provided that notice thereof is given on the corporate website at the time of publishing the announcement of the call to meeting, that it provides sufficient guarantees of the authenticity and identification of the shareholder granting the proxy, and, if appropriate, that it duly ensures the security of the <b>electronic</b> communications.
3. A proxy granted by any of the means indicated in the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is held upon first call or upon second call, as applicable.	3. A proxy granted by any of the means indicated in the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is held upon first call or upon second call, as applicable.
4. The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.	4. The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means and procedures adjusted to current techniques in order to organise the grant of proxies by <b>electronic other</b> means, in each case in accordance with the rules and regulations issued for such purpose.



<p>Specifically, the Board of Directors may establish rules for the use of personal passwords and other safeguards other than electronic signatures for the grant of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and accept, and authorise the chair of and the secretary for the General Shareholders' Meeting or the persons acting by delegation therefrom to accept, proxies received after such period, to the extent allowed by the means available.</p>	<p>Specifically, the Board of Directors may: <u>(i)</u> establish rules for the use of personal passwords and other safeguards other than electronic signatures <u>and the instant authentication system</u> for the grant of proxies by electronic correspondence or <u>by other valid remote means of communication, as well as establish and regulate the appropriate safeguards in the case of telephone communication;</u> <u>(ii)</u> reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence <u>or by other means of remote communication;</u> and <u>(iii)</u> accept, and authorise the chair of and the secretary for the General Shareholders' Meeting <del>or</del><u>and</u> the persons acting by delegation therefrom to accept, proxies received after such period, to the extent allowed by the means available.</p>
<p>5. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and legitimacy of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument evidencing attendance or representation by proxy.</p>	<p>5. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and legitimacy of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument evidencing attendance or representation by proxy.</p>
<p>6. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>	<p>6. A proxy is always revocable. Attendance <u>in person, or remotely if permissible,</u> by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>
<p>7. A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.</p>	<p>7. A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.</p>





<p>8. A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda of the call to meeting.</p>	<p>8. A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda of the call to meeting.</p>
<p>9. If a proxy has been validly granted pursuant to law and these <i>Regulations</i> but does not include voting instructions or questions arise as to the intended proxy representative or the scope of the representation, and unless otherwise expressly indicated by the shareholder, it shall be deemed that the proxy: (i) is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to meeting; (iii) contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy representative shall vote in the direction the proxy representative deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.</p>	<p>9. If a proxy has been validly granted pursuant to law and these <i>Regulations</i> but does not include voting instructions or questions arise as to the intended proxy representative or the scope of the representation, and unless otherwise expressly indicated by the shareholder, it shall be deemed that the proxy: (i) is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to meeting; (iii) contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy representative shall vote in the direction the proxy representative deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.</p>
<p>This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt and specify the provisions of the Corporate Governance System regarding the management of the General Shareholders' Meeting.</p>	<p>This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt and specify the provisions of the <del>Corporate—Governance</del><u>Governance and Sustainability</u> System regarding the management of the General Shareholders' Meeting.</p>
<p>10. Before being appointed, the proxy representative shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy representative shall immediately inform the shareholder thereof. In both cases, if the proxy representative has not</p>	<p>10. Before being appointed, the proxy representative shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy representative shall immediately inform the shareholder thereof. In both cases, if the proxy representative has not</p>



<p>received new specific voting instructions regarding each of the matters on which the proxy representative has to vote on behalf of the shareholder, the proxy representative shall abstain from voting, without prejudice to the provisions of the following section.</p>	<p>received new specific voting instructions regarding each of the matters on which the proxy representative has to vote on behalf of the shareholder, the proxy representative shall abstain from voting, without prejudice to the provisions of the following section.</p>
<p>11. Unless otherwise expressly indicated by the shareholder, if the proxy representative is affected by a conflict of interest and has no specific voting instructions, or if the proxy representative has them but it is deemed preferable that the proxy representative not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy representatives for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.</p>	<p>11. Unless otherwise expressly indicated by the shareholder, if the proxy representative is affected by a conflict of interest and has no specific voting instructions, or if the proxy representative has them but it is deemed preferable that the proxy representative not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy representatives for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.</p>
<p>12. A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of Article 40.3 below.</p>	<p>12. A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of Article <del>40.3</del><a href="#">41.5</a> below.</p>
<p><b>Article 20. Attendance, Proxy and Absentee Voting Cards</b></p>	<p><b>Article 20. Attendance, Proxy and Absentee Voting Cards</b></p>
<p>1. The Company may issue the attendance, proxy and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also propose to the entities members of "Sociedad de Gestión de los Sistemas de</p>	<p>1. The Company may issue the attendance, proxy and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also propose to the entities members of "Sociedad de Gestión de los Sistemas de</p>



<p>Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) and to the intermediary and management institutions and depositaries in general, the form of such cards as well as the formula that must be recited in order to grant a proxy, which, in the absence of specific instructions from the party granting the proxy, may also set forth the direction in which the proxy representative is to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy and absentee voting card may also specify the identity of the proxy representative and the alternate or alternates for the proxy representative in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.</p>	<p>Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) and to the intermediary and management institutions and depositaries in general, the form of such cards as well as the formula that must be recited in order to grant a proxy, which, in the absence of specific instructions from the party granting the proxy, may also set forth the direction in which the proxy representative is to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy and absentee voting card may also specify the identity of the proxy representative and the alternate or alternates for the proxy representative in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.</p>
<p>The Company shall ensure that the cards are uniform and include a bar code or other system that allows for electronic or remote scanning in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders' Meeting.</p>	<p>The Company shall ensure that the cards are uniform and include a bar code or other system that allows for electronic or remote scanning in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders' Meeting.</p>
<p>2. The proxy or voting instructions of the shareholders acting through intermediary and management institutions or depositaries may be received by the Company through any valid system or remote means of communication, signed by the shareholder or by the institution. The institutions may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.</p>	<p>2. The proxy or voting instructions of the shareholders acting through intermediary and management institutions or depositaries may be received by the Company through any valid system or remote means of communication, signed by the shareholder or by the institution. The institutions may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.</p>
<p>3. If an intermediary or management institution or depositary sends to the Company an attendance, proxy and absentee voting card or verification instrument of a shareholder duly identified in the document and bearing the signature, stamp and/or mechanical impression of the institution, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such institution to exercise the</p>	<p>3. If an intermediary or management institution or depositary sends to the Company an attendance, proxy and absentee voting card or verification instrument of a shareholder duly identified in the document and bearing the signature, stamp and/or mechanical impression of the institution, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such institution to exercise the</p>



<p>proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these <i>Regulations</i> and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.</p>	<p>proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these <i>Regulations</i> and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.</p>
<p>4. In other respects, the other rules contained in the Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.</p>	<p>4. In other respects, the other rules contained in the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and those that <u>may be established by</u> the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.</p>
<p>5. All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote.</p>	<p>5. All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote. <u>The Company is only answerable to the entity or person validated as a shareholder pursuant to the book-entry register.</u></p>
<p><b>Article 21. Place of the Meeting</b></p>	<p><b>Article 21. Place of the Meeting</b></p>
<p>1. A General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the registered office.</p>	<p>1. A General Shareholders' Meeting <u>called to be held only in person or in person with the ability to attend remotely</u> shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the registered office.</p>
<p>2. The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall</p>	<p>2. The General Shareholders' Meeting may be attended <u>in person</u> by going to the place where the meeting is held <u>or, if so indicated in the call to meeting, to other places provided for such purpose by</u> the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such</p>



<p>be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.</p>	<p>places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.</p>
	<p>3. <a href="#"><u>A General Shareholders' Meeting held exclusively by remote means shall be deemed to be held at the registered office, regardless of where the chair of the General Shareholders' Meeting is located.</u></a></p>
<p><b>Article 22. Infrastructure, Equipment and Services Available at the Premises</b></p>	<p><b>Article 22. Infrastructure, Equipment and Services <del>Available at the Premises</del></b></p>
<p>1. The premises to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment and safety, assistance and emergency measures commensurate with the nature and location of the building and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.</p>	<p>1. The premises <u>if any</u>, to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment and safety, assistance and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.</p>
<p>2. The Company may make available other licensed premises where the General Shareholders' Meeting can be held in the event of an emergency.</p>	<p>2. The Company may make available other licensed premises where the General Shareholders' Meeting can be held in the event of an emergency.</p>
<p>3. Appropriate controls and surveillance and protection measures, including systems for controlling access to the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders' Meeting.</p>	<p>3. Appropriate controls and surveillance and protection measures, including systems for controlling access to the meeting, shall be established in order to ensure the safety of <u>any attendees in person</u> and the orderly conduct of the General Shareholders' Meeting.</p>
<p>4. Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording and/or transmission equipment and in general any instrument that might alter the visibility, sound or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.</p>	<p>4. Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording and/or transmission equipment and in general any instrument that might alter the visibility, sound or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.</p>
<p>5. The proceedings of the General Shareholders' Meeting shall be the subject</p>	<p>5. The proceedings of the General Shareholders' Meeting shall be the subject</p>





<p>of audiovisual recording, unless the chair of the General Shareholders' Meeting decides otherwise. They may also be the subject of storage and live or recorded broadcast by any means, including over the internet, and dissemination on social media, on the legal basis of the Company's legitimate interest in complying with best transparency practices. A data subject shall have the rights of access, rectification, objection, erasure and restriction of processing of the data collected by the Company on the terms established by law by sending a letter addressed to the registered office or to the Shareholder's Office (the postal address of which shall be provided by the Company for each Meeting) and at the e-mail address established by the Company for each Meeting. The data subject may also request more detailed information regarding the Company's privacy policy at the postal and electronic addresses indicated above.</p>	<p>of audiovisual recording, unless the chair of the General Shareholders' Meeting decides otherwise. They may also be the subject of storage and live or recorded broadcast by any means, including over the internet, and dissemination on social media, on the legal basis of the Company's legitimate interest in complying with best transparency practices. A data subject shall have the rights of access, rectification, objection, erasure and restriction of processing of the data collected by the Company on the terms established by law by sending a letter addressed to the registered office or to the Shareholder's Office (the postal address of which shall be provided by the Company for each Meeting) and at the e-mail address established by the Company for each Meeting. The data subject may also request more detailed information regarding the Company's privacy policy at the postal and electronic addresses indicated above.</p>
<p>6. Whenever reasonably possible, the Company shall endeavour to ensure that the premises at which the General Shareholders' Meeting is held have the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.</p>	<p>6. Whenever reasonably possible, the Company shall endeavour to ensure that the premises <u>if any</u>, at which the General Shareholders' Meeting is held have the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.</p>
<p>7. The Company shall also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose.</p>	<p>7. The Company shall also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose.</p>
<p><b>Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results</b></p>	<p><b>Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results</b></p>



1. The Company shall have the personnel and technical equipment required to perform the monitoring and counting of the attendance, proxy and absentee voting cards.	1. The Company shall have the personnel and technical equipment required to perform the monitoring and counting of the attendance, proxy and absentee voting cards.
2. On the day of the General Shareholders' Meeting, the premises indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of those attending the meeting and to determine the quorum, prepare the list of attendees present in person and by proxy, and calculate the voting results.	2. On the day of the General Shareholders' Meeting, the premises <u>if any</u> indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of those attending the meeting and to determine the quorum, prepare the list of attendees present in person and by proxy, and calculate the voting results.
3. In order to undertake such activities, the Company may, in accordance with applicable rules and regulations, ask "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) to provide a list of the Company's shareholders and the number of shares appearing in the name of each shareholder.	3. In order to undertake such activities, the Company may, in accordance with applicable rules and regulations, ask "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) to provide a list of the Company's shareholders and the number of shares appearing in the name of each shareholder.
<b>Article 24. Shareholder's Office</b>	<b>Article 24. Shareholder's Office</b>
1. The Company shall set up a Shareholder's Office in a visible place at the premises indicated for the General Shareholders' Meeting in order to:	1. The Company shall set up a Shareholder's Office in a visible place at the premises <u>if any</u> indicated for the General Shareholders' Meeting in order to:
a) Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals and vote.	a) Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals and vote.
b) Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their presentations, if such presentations are available in writing.	b) Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their presentations, if such presentations are available in writing.
c) Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or by shareholders for submission at the General Shareholders' Meeting regarding each item on the agenda of	c) Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or by shareholders for submission at the General Shareholders' Meeting regarding each item on the agenda of



<p>the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders' Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors' reports and other documentation relating to the proposed resolutions shall also be made available to them.</p>	<p>the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders' Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors' reports and other documentation relating to the proposed resolutions shall also be made available to them.</p>
<p><b>Article 25. Opening of the Premises and Monitoring Access Thereto</b></p>	<p><b>Article 25. Opening of the Premises and Monitoring Access Thereto</b></p>
<p>1. At the place and on the date provided in the announcement for the holding of the General Shareholders' Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.</p>	<p>1. <u>If attendance in person is allowed, at</u>At the place and on the date provided in the announcement for the holding of the General Shareholders' Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.</p>
<p>2. Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders' Meeting is held may attend the meeting as guests (in the room where the meeting is held or, if so decided by the chair of the General Shareholders' Meeting, in an adjoining room from where they can follow the meeting).</p>	<p>2. Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders' Meeting is held may attend the meeting as guests (in the room where the meeting is held or, if so decided by the chair of the General Shareholders' Meeting, in an adjoining room from where they can follow the meeting).</p>
<p>3. In the event that the General Shareholders' Meeting must be held on second call because the number of shares legally required to hold it on first call is not present, such circumstances shall be properly recorded in the minutes of the General Shareholders' Meeting.</p>	<p><del>3. In the event that the General Shareholders' Meeting must be held on second call because the number of shares legally required to hold it on first call is not present, such circumstances shall be properly recorded in the minutes of the General Shareholders' Meeting.</del></p>
<p><b>Article 26. Presiding Committee, Chair and Secretary</b></p>	<p><b>Article 26. Presiding Committee, Chair and Secretary</b></p>
<p>1. The Presiding Committee (<i>Mesa</i>) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and of the other members of the Board of</p>	<p>1. The Presiding Committee (<i>Mesa</i>) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and of the other members of the Board of</p>



Directors attending the meeting. Without prejudice to the powers assigned thereto in these <i>Regulations</i> , the Presiding Committee shall assist the chair of the General Shareholders' Meeting in performing the duties entrusted thereto.	Directors attending the meeting ( <a href="#">either in person or remotely</a> ). Without prejudice to the powers assigned thereto in these <i>Regulations</i> , the Presiding Committee shall assist the chair of the General Shareholders' Meeting in performing the duties entrusted thereto.
2. The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the <i>By-Laws</i> ; and in the absence of the foregoing, the person appointed by the Presiding Committee shall chair the meeting.	2. The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the <i>By-Laws</i> ; and in the absence of the foregoing, the person appointed by the Presiding Committee shall chair the meeting.
3. The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall act in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.	3. The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall act in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.
4. If the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting, the provisions of sections 2 and 3 above shall also apply as regards their situation in the performance of their duties.	4. If the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting, the provisions of sections 2 and 3 above shall also apply as regards their situation in the performance of their duties.
5. In addition, the chair of the General Shareholders' Meeting may obtain the assistance of any person the chair deems appropriate.	5. In addition, the chair of the General Shareholders' Meeting may obtain the assistance of any person the chair deems appropriate.
<b>Article 28. Duties of the Secretary for the General Shareholders' Meeting</b>	<b>Article 28. Duties of the Secretary for the General Shareholders' Meeting</b>
1. The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:	1. The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:



a) To declare the Presiding Committee to be formed.	a) To declare the Presiding Committee to be formed.
b) By delegation from the chair, to prepare the list of attendees, for which purpose the secretary shall have such assistance, means and system as are determined by the chair.	b) By delegation from the chair, to prepare the list of attendees, for which purpose the secretary shall have such assistance, means and system as are determined by the chair.
c) By delegation from the chair, to report to the shareholders at the General Shareholders' Meeting regarding the quorum, stating the number of shareholders present in person and by proxy, with an indication of the percentage of share capital they represent, as well as the number of shares represented in person and by proxy, also with the foregoing specification.	c) By delegation from the chair, to report to the shareholders at the General Shareholders' Meeting regarding the quorum, stating the number of shareholders present in person and by proxy, with an indication of the percentage of share capital they represent, as well as the number of shares represented in person and by proxy, also with the foregoing specification.
d) To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders' Meeting pursuant to law or the Corporate Governance System.	d) To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders' Meeting pursuant to law or the <b>Corporate Governance Governance and Sustainability</b> System.
e) To draw up the minutes of the General Shareholders' Meeting, if applicable.	e) To draw up the minutes of the General Shareholders' Meeting, if applicable.
f) To exercise, at the direction of the chair of the General Shareholders' Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.	f) To exercise, at the direction of the chair of the General Shareholders' Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.
<b>Article 29. Establishment of a Quorum</b>	<b>Article 29. Establishment of a Quorum</b>
1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the <i>By-Laws</i> , taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held on first or second call.	1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the <i>By-Laws</i> , taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held on first or second call.
2. Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders'	2. Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders'





Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of Article 21.2 of the <i>By-Laws</i> .	Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of Article 21.2 of the <i>By-Laws</i> .
3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.	3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.
4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.	4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the <a href="#">Corporate Governance and Sustainability</a> System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.
	5. <a href="#">In the event that the General Shareholders' Meeting must be held on second call because the number of shares legally required to hold it on first call is not present, such circumstances shall be properly recorded in the minutes of the General Shareholders' Meeting.</a>
<b>Article 30. List of Attendees</b>	<b>Article 30. List of Attendees</b>
1. Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy representatives, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of	1. Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy representatives, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of shareholders present in



shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to the capital that corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Corporate Governance System.	person or by proxy, as well as the amount of capital they own, with a specification as to the capital that corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the <del>Corporate—Governance</del> <u>Governance and Sustainability</u> System.
2. The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair.	2. The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair.
3. If the meeting is held in different places pursuant to the provisions of these <i>Regulations</i> , the list of attendees shall also specify the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.	3. If the meeting is held in different places pursuant to the provisions of these <i>Regulations</i> , the list of attendees shall also specify the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.
4. The list of attendees shall be attached to the minutes of the General Shareholders' Meeting.	4. The list of attendees shall be attached to the minutes of the General Shareholders' Meeting.
<b>Article 31. Requests to Make Presentations by Shareholders. Identification</b>	<b>Article 31. Requests to Make Presentations by Shareholders.</b> <del>Identification or their</del> <u>Proxy Representatives Attending in Person</u>
Shareholders desiring to make a presentation at the General Shareholders' Meeting must so request at the Shareholder's Office or of such person as is indicated for these purposes before the meeting is called to order and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.	Shareholders <u>or their proxy representatives attending in person and</u> desiring to make a presentation at the General Shareholders' Meeting must so request at the Shareholder's Office or of such person as is indicated for these purposes before the meeting is called to order and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.
<b>Article 33. Establishment of a Quorum for the General Shareholders' Meeting</b>	<b>Article 33. Establishment of a Quorum for the General Shareholders' Meeting</b>
1. Prior to the commencement of the presentation period, the chair of the General Shareholders' Meeting or the secretary by delegation therefrom shall read the information contained in the list of	1. Prior to the commencement of the presentation period, <u>if appropriate based on the manner of holding the General Shareholders' Meeting, and in any case prior to the voting on the proposed</u>



<p>attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and of shares in attendance at the meeting, with an indication of the share capital that such shares represent. The chair, or if applicable, the secretary, may project the data resulting from the list of attendees onto the screens of the place where the meeting is held instead of reading the data.</p>	<p><u>resolutions</u>, the chair of the General Shareholders' Meeting or the secretary by delegation therefrom shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and of shares in attendance at the meeting, with an indication of the share capital that such shares represent. The chair, or if applicable, the secretary, may refer to the data resulting from the list of attendees projected onto the screens at the place where the meeting is held <u>and/or through the remote attendance platform</u>, instead of reading the data.</p>
<p>2. The chair of the General Shareholders' Meeting shall then, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.</p>	<p>2. The chair of the General Shareholders' Meeting shall then, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.</p>
<p>3. If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, reporting on the request that the notary public prepare the minutes of the meeting.</p>	<p>3. If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, reporting on the request that the notary public prepare the minutes of the meeting.</p>
<p>4. If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders' Meeting and record in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.</p>	<p>4. If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders' Meeting and record in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.</p>
<p><b>Article 34. Shareholder Presentation Period</b></p>	<p><b>Article 34. Period for Presentations by Shareholders <u>or their Proxy Representatives Attending in Person</u></b></p>



<p>1. Presentations by shareholders or their proxy representatives shall be made in the order in which they are called by the secretary. No shareholder or proxy representative may make a presentation without having been granted the floor or in order to deal with matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>	<p>1. Presentations by shareholders or their proxy representatives <u>who attend in person</u> shall be made in the order in which they are called by the secretary. No shareholder or proxy representative may make a presentation without having been granted the floor or in order to deal with matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>
<p>2. Shareholders or their proxy representatives must make reasonable use of their right to make a presentation with respect to both the duration thereof, which shall be a maximum of five minutes, without prejudice to the chair's powers to limit or extend such time, and the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.</p>	<p>2. Shareholders or their proxy representatives must make reasonable use of their right to make a presentation with respect to both the duration thereof, which shall be a maximum of five minutes, without prejudice to the chair's powers to limit or extend such time, and the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.</p>
<p>3. At the time of registration, those shareholders or their proxy representatives who so desire may deliver the written text of their presentation to the Shareholder's Office in order to obtain a photocopy and thus facilitate the proceedings at the meeting and the preparation of the minutes. This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In this case, the Shareholder's Office shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder's presentation at the time it is made.</p>	<p>3. At the time of registration, those shareholders or their proxy representatives who so desire may deliver the written text of their presentation to the Shareholder's Office in order to obtain a photocopy and thus facilitate the proceedings at the meeting and the preparation of the minutes. This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In this case, the Shareholder's Office shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder's presentation at the time it is made.</p>
<p>4. In addition, during the shareholder presentation period, the representative of the Company designated by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the</p>	<p>4. In addition, during the shareholder presentation period, the representative of the Company designated by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the</p>



shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions of such representative for the latter to transmit them to the chair.	shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions of such representative for the latter to transmit them to the chair.
<b>Article 35. Right to Receive Information during the General Shareholders' Meeting</b>	<b>Article 35. Right to Receive Information during the General Shareholders' Meeting</b>
1. During the presentation period, shareholders or their proxy representatives may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of Article 31 above.	1. During the presentation period, shareholders or their proxy representatives <u>attending in person</u> may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of Article 31 above.
2. The Company shall provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of Article 15 above and without prejudice to the provisions of section 5 thereof.	2. The Company shall provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of Article 15 above and without prejudice to the provisions of section 5 thereof.
3. The information or clarifications requested shall be provided by the chair or by any other person designated thereby.	3. The information or clarifications requested shall be provided by the chair or by any other person designated thereby.
4. If it is not possible to respond to the request for information, clarification or question during the proceedings, the response shall be sent in writing within the next seven days.	4. If it is not possible to respond to the request for information, clarification or question during the proceedings, the response shall be sent in writing within the next seven days.
5. A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting.	5. A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting.





<b>Article 36. Order of Presentations, Requests and Proposals by Shareholders</b>	<b>Article 36. Order of Presentations, Requests and Proposals by Shareholders <u>or their Proxy Representatives Attending in Person</u></b>
1. The powers to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which the proposals should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, the proposals are excluded by law, or the proposals infringe upon the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide without such resolutions appearing on the agenda of the call to meeting.	1. The powers <u>of shareholders or their proxy representatives attending in person</u> to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which the proposals should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, the proposals are excluded by law, or the proposals infringe upon the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide without such resolutions appearing on the agenda of the call to meeting.
2. In the exercise of the chair's powers to ensure the orderly conduct of the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:	2. In the exercise of the chair's powers to ensure the orderly conduct of the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:
a) Extend the time initially allocated to each presenting party, when the chair deems it appropriate.	a) Extend the time initially allocated to each presenting party, when the chair deems it appropriate.
b) Decide the order in which answers will be provided and whether such answers will be given following each presentation period or collectively and, if appropriate, in summarised form after the last presentation.	b) Decide the order in which answers will be provided and whether such answers will be given following each presentation period or collectively and, if appropriate, in summarised form after the last presentation.
c) End the shareholder presentation period.	c) End the shareholder presentation period.
d) Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.	d) Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.
e) Call the presenting parties to order so that they limit their presentation to business properly before the	e) Call the presenting parties to order so that they limit their presentation to business properly before the General



General Shareholders' Meeting and refrain from making improper statements or exercising their right to make presentations in an abusive or obstructionist manner.	Shareholders' Meeting and refrain from making improper statements or exercising their right to make presentations in an abusive or obstructionist manner.
f) Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding paragraph, withdraw the floor therefrom.	f) Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding paragraph, withdraw the floor therefrom.
g) Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.	g) Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.
3. The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.	3. The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.
4. The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda of the call to meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of Article 40.2 of these <i>Regulations</i> shall apply, without prejudice to the chair's ability to	4. The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda of the call to meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of Article <a href="#">40.241.4</a> of these <i>Regulations</i> shall apply, without prejudice to the chair's ability to



decide on the use of other procedures or alternative voting systems.	decide on the use of other procedures or alternative voting systems.
	<u><a href="#">Article 37. Particular Rules regarding Remote Attendance by Shareholders or their Proxy Representatives</a></u>
	<u><a href="#">1. Pursuant to the provisions of law and the By-Laws, and independently of the right to cast an absentee vote in the manner set forth in these Regulations, shareholders with the right to attend or their proxy representatives may attend the General Shareholders' Meeting remotely using such means as may be established by the Board of Directors in view of the state of the art and having verified the appropriate conditions of security and simplicity.</a></u>
	<u><a href="#">2. If the Board of Directors provides for a General Shareholders' Meeting to be held in person with the ability to attend remotely or exclusively by remote means, the call to meeting and/or the corporate website, as appropriate, shall provide a description of the deadlines, forms and methods for the remote exercise of shareholder rights established by the Board of Directors, observing the provisions of law and the By-Laws, to allow for the proper conduct of the meeting.</a></u>
	<u><a href="#">3. The connection to the software application to remotely attend the General Shareholders' Meeting should be made as much in advance of the time scheduled for the start of the meeting as is stated in the call to meeting. Shareholders or their proxy representatives shall be deemed not present if they initiate the connection after the deadline set for this purpose.</a></u>
	<u><a href="#">4. The Board of Directors shall determine the period for sending presentations, requests for information during the General Shareholders' Meeting and proposed resolutions that shareholders or their proxy representatives attending remotely wish to make through the remote attendance software application in accordance with law and the By-Laws, and may also establish reasonable extensions of time. The provisions of Article 36.4 above of these</a></u>



	<u><a href="#">Regulations, insofar as applicable, shall apply to any proposed resolutions validly submitted by remote attendees.</a></u>
	<u><a href="#">5. The replies to the requests for information referred to in the preceding section, when appropriate, shall be given during the meeting itself or in writing within seven days following the holding of the General Shareholders' Meeting.</a></u>
<b>Article 37. Temporary Suspension</b>	<b>Article <del>37</del><u>38</u>. Temporary Suspension</b>
1. In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders' Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair may adopt such additional measures as the chair deems appropriate to ensure the safety of the attendees and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.	1. In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders' Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair may adopt such additional measures as the chair deems appropriate to ensure the safety of the attendees and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.
2. Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair shall consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved, the chair shall immediately adjourn the meeting.	2. Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair shall consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved, the chair shall immediately adjourn the meeting.
<b>Article 38. Continuation</b>	<b>Article <del>38</del><u>39</u>. Continuation</b>
1. Upon good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.	1. Upon good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.



<p>2. Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the Corporate Governance System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of Article 41.3.</p>	<p>2. Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the <b>Corporate Governance</b> <u>Governance and Sustainability</u> System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of Article <del>41.3</del><u>42.3</u>.</p>
<p><b>Article 39. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting</b></p>	<p><b>Article <del>39</del><u>40</u>. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting</b></p>
<p>1. Shareholders may cast their absentee vote regarding proposals relating to the items included in the agenda of the call to meeting by the means indicated in section 2 of Article 19 above. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.</p>	<p>1. Shareholders may cast their absentee vote regarding proposals relating to the items included in the agenda of the call to meeting by the means indicated in section 2 of Article 19 above. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.</p>
<p>2. In order to vote by postal correspondence, shareholders must send to the Company the duly completed and signed attendance, proxy and absentee voting card issued in their favour by the corresponding institution, setting forth thereon the direction of their vote, their abstention or their blank vote.</p>	<p>2. In order to vote by postal correspondence, shareholders must send to the Company the duly completed and signed attendance, proxy and absentee voting card issued in their favour by the corresponding institution, setting forth thereon the direction of their vote, their abstention or their blank vote.</p>
<p>3. Votes through the form available on the corporate website shall be cast using the means referred to in letter b) of Article 19.2 above.</p>	<p>3. Votes through the form available on the corporate website shall be cast using the means referred to in letter b) of Article 19.2 above.</p>
<p>4. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day for the holding of the General Shareholders' Meeting on first call or second call, as applicable.</p>	<p>4. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day for the holding of the General Shareholders' Meeting on first call or second call, as applicable.</p>
<p>5. The absentee votes referred to in this article shall be rendered void:</p>	<p>5. The absentee votes referred to in this article shall be rendered void:</p>
<p>d) By subsequent express revocation made by the same means used to</p>	<p>a) By subsequent express revocation made by the same means used to</p>





cast the vote and within the period established for such voting.	cast the vote and within the period established for such voting.
e) By attendance at the meeting of the shareholder casting the vote.	b) By attendance at the meeting of the shareholder casting the vote.
f) If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.	c) If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.
6. If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.	6. If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.
7. As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant a proxy using any of the means contemplated in these <i>Regulations</i> , in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.	7. As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant a proxy using any of the means contemplated in these <i>Regulations</i> , in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.
8. The Board of Directors is authorised to develop the appropriate rules, means and procedures to organise the casting of votes and the grant of proxies by electronic means.	8. The Board of Directors is authorised to develop the <del>appropriate</del> rules, means and procedures adjusted <u>to current techniques</u> in order to organise the casting of votes <del>and the grant of proxies</del> by <u>other electronic</u> means, <u>in each case in accordance with the rules and regulations issued for such purpose.</u>
Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures and the instantaneous authentication system for granting proxies and casting votes	Specifically, the Board of Directors may: <u>(i)</u> establish rules for the use of personal passwords and other guarantees other than electronic signatures and the <del>instantaneous</del> <u>instant</u> authentication system for <del>granting proxies and</del> casting



<p>electronically or by other valid remote means of communication. It may also reduce the advance period established in section 4 above for receipt by the Company of absentee votes cast and proxies granted by postal or electronic correspondence, and accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation from either of them to accept, absentee votes and proxies received after such period, to the extent allowed by the means available.</p>	<p>votes <b>electronically</b> by electronic <b>correspondence</b> or by other valid remote means of communication. <del>It may also, as well as establish and regulate the appropriate assurances in the case of telephone communication;</del> (ii) reduce the advance period established <del>in section 4 above</del> for receipt by the Company of absentee votes cast <del>and proxies granted</del> by postal or electronic correspondence <del>or by other means of remote communication</del>; and (iii) accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation from either of them to accept, absentee votes <del>and proxies</del> received after such period, to the extent allowed by the means available.</p>
<p>9. The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.</p>	<p>9. The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.</p>
<p>10. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, information and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through intermediary and management institutions or depositaries of shares, all in accordance with the provisions set forth in the Company's Corporate</p>	<p>10. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from any of them, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, information and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through intermediary and management institutions or depositaries of shares, all in accordance with the provisions set forth in the Company's <b>Corporate</b></p>



<p>Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.</p>	<p><del>Governance</del><u>Governance</u> and <u>Sustainability</u> System and in the rules that the Board of Directors may establish in order to further develop such provisions.</p>
<p><b>Article 40. Voting on Proposed Resolutions</b></p>	<p><b>Article 40<del>41</del>. Voting on Proposed Resolutions</b></p>
<p>1. Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these <i>Regulations</i>, the proposed resolutions regarding matters included in the agenda of the call to meeting and any others that, pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Corporate Governance System, shall be submitted to a vote.</p>	<p>1. Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these <i>Regulations</i>, the proposed resolutions regarding matters included in the agenda of the call to meeting and any others that, pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the <del>Corporate Governance</del><u>Governance</u> and <u>Sustainability</u> System, shall be submitted to a vote. <u>The period for remote voting, if applicable, shall begin from the time that the chair of the General Shareholders' Meeting declares the establishment of a valid quorum thereat until the time that the proposed resolutions are formally submitted to a vote as provided above, or such later time as may be indicated by the chair of the General Shareholders' Meeting.</u></p>
<p>The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the <i>By-Laws</i>, that of each article or discrete group of articles, and (iii) those matters for which this is provided in the Corporate Governance System.</p>	<p>2. The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the <i>By-Laws</i>, that of each article or discrete group of articles, and (iii) those matters for which this is provided in the <del>Corporate Governance</del><u>Governance and Sustainability</u> System.</p>
<p>2. The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate,</p>	<p>3. The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate,</p>



<p>resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders' Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be deemed automatically withdrawn and therefore not be voted upon.</p>	<p>resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders' Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be deemed automatically withdrawn and therefore not be voted upon.</p>
<p>3. As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:</p>	<p>4. As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:</p>
<p>a) In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank or abstain, stating so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders' Meeting) for note thereof to be taken in the minutes of the meeting; shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these <i>Regulations</i>; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their</p>	<p>a) In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank or abstain, stating so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders' Meeting) for note thereof to be taken in the minutes of the meeting; shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these <i>Regulations</i>; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their</p>



<p>withdrawal from the meeting, shall be deemed votes in favour.</p>	<p>withdrawal from the meeting, shall be deemed votes in favour.</p>
<p>b) In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these <i>Regulations</i>; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.</p>	<p>b) In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these <i>Regulations</i>; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.</p>
<p>4. If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.</p>	<p>5. <del>3.</del>If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.</p>
<p>5. Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients.</p>	<p>6. <del>4.</del>Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients.</p>
<p><b>Article 41. Approval of Resolutions and Announcement of Voting Results</b></p>	<p><b>Article <del>41</del><sup>42</sup>. Approval of Resolutions and Announcement of Voting Results</b></p>





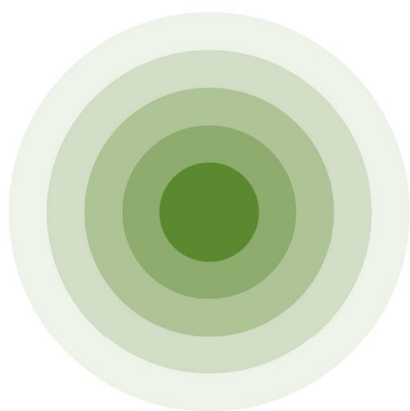
<p>1. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the majorities required by law or the <i>By-Laws</i>. Each voting share, whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in Article 28 of the <i>By-Laws</i>, other instances in which the <i>By-Laws</i> provide for the suspension of voting rights, or the restrictions established by law.</p>	<p>1. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the majorities required by law or the <i>By-Laws</i>. Each voting share, whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in Article 28 of the <i>By-Laws</i>, other instances in which the <i>By-Laws</i> provide for the suspension of voting rights, or the restrictions established by law.</p>
<p>2. Except in cases in which the law or the <i>By-Laws</i> require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.</p>	<p>2. Except in cases in which the law or the <i>By-Laws</i> require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.</p>
<p>For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the <i>By-Laws</i>, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.</p>	<p>3. For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the <i>By-Laws</i>, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.</p>
<p>3. Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the</p>	<p>4. Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the</p>



<p>chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders' Meeting, regarding the direction of their vote for such statements to be recorded in the minutes of the meeting.</p>	<p>chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders' Meeting, regarding the direction of their vote for such statements to be recorded in the minutes of the meeting.</p>
<p>4. Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any.</p>	<p>5. Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any.</p>
<p><b>Article 42. Closure</b></p>	<p><b>Article 4243. Closure</b></p>
<p>Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders' Meeting, the General Shareholders' Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.</p>	<p>Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders' Meeting, the General Shareholders' Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.</p>
<p><b>Article 43. Minutes</b></p>	<p><b>Article 4344. Minutes</b></p>
<p>1. The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.</p>	<p>1. The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.</p>
<p>2. Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced</p>	<p>2. Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced</p>



by the persons established by law or the <i>By-Laws</i> .	by the persons established by law or the <i>By-Laws</i> .
3. In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not require approval.	3. In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not require approval.
	4. <a href="#"><u>If the General Shareholders' Meeting is held exclusively by remote means, the minutes of the meeting must be drawn up by a notary public.</u></a>
<b>Article 44. Publication of Resolutions</b>	<b>Article <del>44</del>45. Publication of Resolutions</b>
1. Without prejudice to registration of recordable resolutions with the Commercial Registry or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission the literal text or a summary of the contents of the resolutions approved at the General Shareholders' Meeting.	1. Without prejudice to registration of recordable resolutions with the Commercial Registry or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission the literal text or a summary of the contents of the resolutions approved at the General Shareholders' Meeting.
2. The text of the resolutions adopted and the voting results shall be published in full on the Company's corporate website within five days of the end of the General Shareholders' Meeting.	2. The text of the resolutions adopted and the voting results shall be published in full on the Company's corporate website within five days of the end of the General Shareholders' Meeting.
3. Furthermore, at the request of any shareholder or their representative at the General Shareholders' Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes.	3. Furthermore, at the request of any shareholder or their representative at the General Shareholders' Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes.



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors** *Director Remuneration Policy*



## REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED APPROVAL OF A NEW *DIRECTOR REMUNERATION POLICY* INCLUDED IN ITEM NUMBER SIXTEEN ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

### 1. Object of the report

This explanatory report is prepared by the Board of Directors of IBERDROLA, S.A. (“Iberdrola” or the “Company”) in accordance with the provisions of Section 529 *novodecies* of the *Companies Act (Ley de Sociedades de Capital)* in relation to the proposed approval of the *Director Remuneration Policy* and, pursuant to the provisions of the Act, includes the corresponding report of the Remuneration Committee and the text of the proposed policy as an annex.

### 2. Purpose and main principles of the new *Director Remuneration Policy*

The Board of Directors believes that success in strategic decision-making and a clear commitment to corporate values are two of the main factors capable of differentiating Iberdrola’s performance from that of other companies in the electricity sector, with the main distinguishing elements being talent, effort, creativity, leadership and the ability to achieve the commitment to its purpose and values.

The new *Director Remuneration Policy*, proposed by the Remuneration Committee, seeks to contribute decisively to the attraction, retention, motivation and development of the best talent, on fair and competitive terms.

To this end, the policy for which approval is submitted to the shareholders at the General Shareholders’ Meeting is based on the following principles:

- a) **Market remuneration, which captures and retains talent:** it must provide adequate remuneration for the dedication and responsibility assumed by the directors, in line with what is paid in the market by comparable companies. The Company performs regular comparative analyses for these purposes.
- b) **Focused on maximising the creation of value and committed to the *Purpose and Values of the Iberdrola group* and to long-term sustainability:** it must be aligned with the *Purpose and Values of the Iberdrola group* and be a lever to maximise the social dividend and shareholder return and to achieve the long-term sustainability of the Company, all within the framework of the Iberdrola group’s commitment to all of its Stakeholders.
- c) **Focused on objectives:** it must ensure that the remuneration helps to achieve the strategic objectives of Iberdrola, which are regularly published and updated by the Board of Directors.
- d) **Aligned with the long-term strategy and sustainability:** it must seek the attraction, retention, motivation and development of the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group.





### 3. General terms of the new *Director Remuneration Policy*

*Law 5/2021, of 12 April amending the restated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement at listed companies ("Law 5/2021")* which among other things amends Sections 529 *sexdecies* to 529 *novodecies* of the *Companies Act* regarding the remuneration of directors of listed companies, was published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 13 April 2021.

The amendments of Section 529 *novodecies* of the *Companies Act* regarding director remuneration policy will enter into force on 14 October 2021. However, the new *Director Remuneration Policy* proposed by the Remuneration Committee fully conforms to the new requirements of Section 529 *novodecies* following its amendment by *Law 5/2021*, which highlights the Company's ongoing effort to remain at the forefront of best corporate governance practices and its desire to strengthen its leadership on corporate governance matters.

The general lines of the new *Director Remuneration Policy* are similar to the policy currently in force, although certain issues are included to conform to Section 529 *novodecies* of the *Companies Act*, as well as technical improvements, which include the following:

- a) **Group strategy:** the proposed policy includes the establishment of objective criteria relating to the Iberdrola group's strategy as one of the basic principles governing the remuneration of executive directors.
- b) **New parameters in the variable remuneration of the executive directors:** they combine long-term environmental and sustainability parameters, including those relating to the energy transition, with the mitigation of and adaptation to climate change, and others relating to the Sustainable Development Goals (SDGs) approved by the United Nations, along with the financial and operational/industrial parameters already established in the current policy.
- c) **Labour conditions within the Iberdrola group:** the Remuneration Committee has taken into account the employment terms and remuneration levels of the Iberdrola group's professionals, particularly with respect to the remuneration of the executive directors, in the review and update of the policy it proposes.

Specifically, the principles of the remuneration system for executive directors are aligned with the general remuneration programmes of the Iberdrola group, seeking in all cases to foster the commitment of all professionals to the *Purpose and Values of the Iberdrola group*, personal and corporate ethics, excellence in performance and the promotion of the strategic and sustainable development goals of the Company.

- d) **Maximum annual amount:** the proposed policy revises the maximum amount of annual remuneration to be paid to all directors in their capacity as such, which may be revised by the Board of Directors based on the circumstances.

The policy also establishes the amounts of the fixed remuneration of the directors, taking into account the positions held on the Board of Directors. The fixed remuneration amounts may be revised by this corporate body up to the maximum annual amount established in the policy, which shall be reported in the annual director remuneration report.

- e) **Non-competition:** the new policy proposes to update the terms of the commitment not to compete without changing the duration thereof or the calculation of the compensation, if any.



In particular, a director who ends the term of office to which the director was appointed or who ceases to act as such for any other reason may not be a director or member of the management team of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years, although the Board of Directors may, if it deems appropriate, release the outgoing director from this obligation or shorten the duration thereof.

In the case of cessation of office prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive compensation for the commitment not to compete unless their cessation is voluntary or due to a breach of the duties of director attributable thereto or to the provisions of the succession plan included in the *General Corporate Governance Policy*, or to the sole decision thereof.

- f) **More information about the structure of executive director remuneration:** the policy includes greater detail regarding fixed remuneration, variable remuneration (short term (annual bonus) and long-term (strategic bonus)) of the executive directors, designing the remunerative mix in order to attract and retain the best talent and align their performance with the interests of the Iberdrola group and the achievement of its business strategy, promoting its long-term sustainability.

Certain factors must be taken into account in order to revise fixed remuneration, including the Company's financial status, market standards, the value and merits of the executive director, retention risks and general salary updates within the Iberdrola group.

Short-term variable remuneration is limited to a maximum of 200% of the executive director's fixed remuneration during the corresponding financial year. It shall be determined by the Board of Directors, payable in cash and linked to the achievement of specific economic/financial, operational/industrial and other objectives relating to the Sustainable Development Goals (SDGs) approved by the United Nations that are predefined and quantifiable and aligned with the *Purpose and Values of the Iberdrola group*, the achievement of the business strategy, and the long-term interests and sustainability of the Company.

The policy includes the parameters to which the short-term variable remuneration of the chairman & CEO and other executive directors will be linked. The annual director remuneration report will identify the specific objectives for each financial year to which said annual variable remuneration will be linked and will report on the level of achievement thereof.

Long-term variable remuneration is linked to the Outlook 2020-2025. The parameters and specific weightings thereof are set out in the 2020-2022 Strategic Bonus approved by the shareholders at the General Shareholders' Meeting held on 2 April 2020. Executive directors who are beneficiaries of incentive plans may not transfer ownership of the shares received for a period of three years unless they maintain a net financial exposure to changes in the share price based on the market value as set out in the policy.

- g) **New executives:** the proposed policy provides that special and extraordinary remuneration or incentives can be established to attract talent and compensate the new executive directors for variable remuneration or contractual rights lost upon leaving their previous position.
- h) **Temporary exceptions:** the Board of Directors, after a favourable report from the Remuneration Committee, may apply temporary exceptions to the variable components



of executive directors' remuneration if necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure the viability thereof in accordance with the new Section 529 *novodecies.6.* of the *Companies Act*.

The *Director Remuneration Policy* proposed by the Remuneration Committee shall be in effect from the financial year of its approval and during financial years 2022, 2023 and 2024.

#### 4. Proposed resolution

The proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

### **“ITEM NUMBER SIXTEEN ON THE AGENDA**

#### ***Director Remuneration Policy.***

#### **RESOLUTION**

*To approve the Director Remuneration Policy, the full text of which, together with the required report of the Remuneration Committee, is included in the explanatory report of the Board of Directors made available to the shareholders as part of the documentation relating to the General Shareholders' Meeting as from the date of publication of the announcement of the call to meeting.»*

In Bilbao, on 11 May 2021



## ANNEX

### REPORT OF THE REMUNERATION COMMITTEE REGARDING THE PROPOSED NEW *DIRECTOR REMUNERATION POLICY*

#### 1. Introduction

Pursuant to the provisions of Article 3, paragraph a) of the *Regulations of the Remuneration Committee* of IBERDROLA, S.A. ("**Iberdrola**" or the "**Company**"), the Remuneration Committee (the "**Committee**") proposes the director remuneration policy to the Board of Directors to be submitted for the approval of the shareholders at the General Shareholders' Meeting.

*Law 5/2021, of 12 April amending the restated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement at listed companies ("Law 5/2021")* which among other things amends Sections 529 *sexdecies* to 529 *novodecies* of the *Companies Act* regarding the remuneration of directors of listed companies, was published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 13 April 2021.

The transitional rules of *Law 5/2021* provide that amendments to Section 529 *novodecies* of the *Companies Act* regarding director remuneration policy, which governs, among other things, the requirements to be met by the director remuneration policy, will enter into force on 14 October 2021, and companies must submit the remuneration policy conforming to such changes for approval at the first general shareholders' meeting held after that date.

The new *Director Remuneration Policy* submitted to the Board of Directors fully conforms to the new requirements of Section 529 *novodecies* of the *Companies Act* following its amendment by *Law 5/2021*, which highlights the Company's ongoing effort to remain at the forefront of best corporate governance practices and its desire to strengthen its leadership on corporate governance matters.

The proposed *Director Remuneration Policy* prepared by the Committee seeks the attraction, retention, motivation and development of the best talent, on fair and competitive terms, which considered the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group, which in turn helps to further develop the *Purpose and Values of the Iberdrola group*.

The Committee proposes that the new *Director Remuneration Policy* apply from the financial year of its approval and during financial years 2022, 2023 and 2024.

The text of the *Director Remuneration Policy* that the Committee proposes to the Board of Directors is as follows:



## **“Director Remuneration Policy**

### **1. Purpose and Main Principles**

#### **1.1. Purpose and Values**

*The Purpose and Values of the Iberdrola group seeks to promote a culture based on ethics and on the commitment to sustainable development and the creation of value for all stakeholders.*

*This commitment governs the day-to-day activities of the Company, channels its leadership role in its various areas of activity, focuses its strategy of maximising the social dividend and guides the ethical behaviour of all personnel participating in the daily construction of Iberdrola’s business enterprise, starting with its management body.*

*In this regard, the ultimate goal of the Director Remuneration Policy is to help develop the Purpose and Values, such that the remuneration of the Company’s directors is commensurate with the dedication and responsibility assumed, taking into consideration the Company’s desire to lead the energy sector. This desire is based on aspects like the provision of a high-quality service through the use of environmentally-friendly energy sources, innovation, digital transformation in its area of activity, the fight against climate change, and commitment to a social dividend and the generation of employment and wealth in its surroundings.*

#### **1.2. Main principles**

*The Board of Directors has found that proper strategic decision-making and a clear commitment to the corporate values are two of the main factors determining the performance of companies, particularly in the energy sector: all of them can choose similar businesses, markets and technologies, but their performance is different, based on the principal differentiating elements of talent, effort, creativity, leadership and the ability to give shape to the commitment to one’s Purpose and Values.*

*Therefore, the ultimate goal of this Policy, like that of the other remuneration programmes for the Iberdrola group’s professionals, is to contribute decisively to the attraction, retention, motivation and development of the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group.*

*Within this context, the basic principles governing this Director Remuneration Policy are the following:*

- a) *Provide suitable remuneration for the dedication and responsibility assumed by the directors, in line with the market remuneration paid at companies of comparable capitalisation, size, ownership structure and international scope. This will be essential for recruiting and retaining the best candidates.*

*To this end, the Remuneration Committee periodically engages in a benchmark analysis of remuneration systems applicable to comparable companies at the international level.*

- b) *Align the remuneration policy of the Company as a whole with its Purpose and Values, with its commitment to maximise its social dividend and with shareholder return, as these terms are defined in the By-Laws, and with the achievement of the long-term*





sustainability of the Company, all within the framework of the Iberdrola group's commitment to all of its Stakeholders.

- c) *Ensure that the remuneration helps to achieve the strategic goals of Iberdrola, which are regularly published and updated.*

### 1.3. Principles governing the remuneration of the executive directors

*Furthermore, the Director Remuneration Policy follows the same standards regarding the executive directors as the Senior Management Remuneration Policy and shares the same principles and guidelines as the remuneration policy for all professionals of the Company: a commitment to the Purpose and Values, personal and corporate ethics, excellence in selection, continuous training, inclusion and gender equality, meritocracy and recognition of talent, reconciliation, and relevancy of the variable component of the remuneration package.*

*In particular, the main principles governing the remuneration of the executive directors are the following:*

- a) *Ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-à-vis that of comparable entities at the domestic and international level, taking into account the situation of the markets in which the group operates.*
- b) *Establish the remuneration based on objective standards relating to the group's strategy, individual performance and the achievement of business goals.*
- c) *Include a significant annual variable component tied to performance and to the achievement of specific, pre-established, quantifiable objectives in line with the corporate interest and goals of the Company. For these purposes, the application of this Director Remuneration Policy shall take into account long-term financial, operational/industrial, environmental and sustainability parameters, including those relating to the energy transition, to the mitigation of and adaptation to climate change, and others relating to the Sustainable Development Goals.*
- d) *Foster and encourage the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of the group, of its directors and of its management team, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals.*
- e) *Set appropriate maximum limits to any variable remuneration as well as suitable mechanisms in order for the Company to be able to obtain reimbursement of the variable components of remuneration if the payment has not conformed to the terms of performance or if such variable components have been paid based on information later shown to be inaccurate.*



#### **1.4. Consideration of working conditions within the Iberdrola group**

*Pursuant to Article 3 of its Regulations, the duties of the Remuneration Committee include regularly reviewing the general remuneration programmes for the Iberdrola group's professionals, evaluating the adequacy and results thereof.*

*In this regard, the Remuneration Committee has taken into account the employment terms and remuneration levels of the Iberdrola group's workforce in its review and update of this Policy and, in particular, with respect to executive directors, in accordance with the knowledge acquired in the performance of said duty of review.*

*Specifically, the Remuneration Committee has sought to ensure that the principles of the remuneration system for executive directors are aligned with the general remuneration programmes of the Iberdrola group, seeking in all cases to foster the commitment of all professionals of the Iberdrola group to the Company's Purpose and Values, personal and corporate ethics, excellence in performance and the promotion of the strategic and sustainable development goals of the Iberdrola group.*

### **2. Overall By-Law Limitation on Director Remuneration**

*Pursuant to Article 48.1 of the By-Laws, the amount that the Company allocates annually to the directors as remuneration is limited to a maximum amount equal to 2% of the consolidated group profits obtained during the financial year, after covering legal and other mandatory reserves and the issuance to the shareholders of a dividend of at least 4% of the share capital.*

*This limit includes the amount corresponding to the executive directors for the performance of executive duties, as well as the endowment of funds to meet the obligations of the Company regarding pensions, the payment of life and casualty insurance premiums, coverage for and payment of severance compensation in favour of the directors, and the operational costs of the Board of Directors and the committees thereof.*

*For the purpose of establishing such limit, the quoted price of shares or options thereon or remuneration indexed to the listing price of the shares shall not be calculated, which remuneration shall in all cases require the approval of the shareholders at a General Shareholders' Meeting.*

### **3. Competent Bodies**

#### **3.1. Approval of the Director Remuneration Policy**

*Within the by-law framework referred to above, the shareholders acting at a General Shareholders' Meeting are vested with the power to approve this Director Remuneration Policy, which constitutes the Company's highest-level set of rules on director remuneration after the By-Laws.*

*In this regard, pursuant to the provisions of Article 3 of its Regulations, the Remuneration Committee proposes to the Board of Directors the policies on remuneration of the directors and members of senior management and regularly reviews them, proposing any amendment and update thereof to the Board of Directors.*

*The Remuneration Committee submits the proposed Director Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the*



General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 novodecies of the Companies Act.

If the services of an external advisor are used to prepare the Director Remuneration Policy, the Remuneration Committee must properly assess the independence of said advisor.

The Remuneration Committee also has the duty of proposing to the Board of Directors the system and amount of annual director remuneration, as well as the individual remuneration of executive directors and other basic terms of their contracts, including any compensation or severance amounts payable in the event of removal, in any event pursuant to the provisions of the Governance and Sustainability System and this Policy.

### 3.2. Implementation and application of the Director Remuneration Policy

Within the overall limit established in the By-Laws and in accordance with the provisions of law and this Director Remuneration Policy, the Board of Directors, upon a proposal of the Remuneration Committee, specifies the remuneration of the directors, except for remuneration consisting of the delivery of shares of the Company or of options thereon, or remuneration indexed to the listing price of the shares of the Company, which must be approved by the shareholders acting at a General Shareholders' Meeting.

## **4. Structure of the Remuneration of Directors in their Capacity as such**

The remuneration to which directors are entitled in their capacity as such is structured in accordance with the following standards within the framework of legal and by-law provisions:

### 4.1 Amount

Directors receive a fixed annual amount that is commensurate with market standards, in keeping with the positions they hold on the Board of Directors and in the committees on which they sit.

The fixed remuneration of the directors in their capacity as such is included within the limit established in section 2 of this Policy, which also includes the remuneration of the executive directors for the performance of their executive duties, as well as the funding of pensions, the payment of life and casualty insurance premiums, coverage for and payment of severance compensation in favour of the directors, and the operational costs of the Board of Directors and the committees thereof.

The maximum amount of the annual remuneration to be paid to all directors in their capacity as such (excluding any compensation for the undertaking not to compete established in section 4.3 below) is 9,000 thousand euros during each financial year in which this Policy is in effect.

This overall amount may be updated by the Board of Directors in the light of the circumstances at any given time. If the update occurs, the update and the circumstances in justification thereof shall be reported in the corresponding annual director remuneration report.

The Board of Directors is responsible for determining the fixed remuneration of the directors in their capacity as such, within the aforementioned overall limit, taking into account the positions held by the director on the Board of Directors, the membership thereof on delegated or consultative bodies of the Board of Directors, and the duties and responsibilities attributed thereto, as well as their dedication to the Company.



For financial year 2021, the annual fixed remuneration of the directors for membership on the Board of Directors and the committees thereof, depending on the position held in each case, is as follows:

- Director holding the position of chairman of the Board of Directors: 567,000 euros.
- Directors holding the position of vice-chair of the Board of Directors or chair of any of the consultative committees: 440,000 euros.
- Directors holding the position of member of any of the committees: 253,000 euros.
- Directors only holding the position of member of the Board of Directors: 165,000 euros.

In addition, the chairman and the vice-chair of the Board of Directors shall receive a bonus of 4,000 euros per meeting for attending meetings of the Board of Directors. The chairs of the committees shall also receive a bonus of 4,000 euros per meeting for attending meetings of the relevant committee. The attendance bonus for members of the Board of Directors and the committees thereof shall be 2,000 euros per meeting.

The fixed remuneration described above may be updated by the Board of Directors, which shall be reported in the annual director remuneration report, in any case within the maximum annual limit for the entire Board of Directors stated above.

The fixed remuneration for membership on the Board of Directors and the committees thereof and the holding of positions on such bodies is compatible with and independent from the remuneration to which the executive directors are entitled for the performance of their executive duties as provided in section 5 of this Policy.

#### 4.2 Risk coverage benefits

The Company pays the premiums under insurance policies that it has taken with certain insurance companies for the coverage of benefits for the death or disability of directors caused by accidents, and the Company itself assumes coverage of benefits for the death or disability of directors due to natural causes.

Furthermore, the Company pays the premiums under insurance policies providing coverage against civil liability deriving from holding the office of director.

#### 4.3 Non-competition

A director who ends the term of office to which the director was appointed or who, for any other reason, ceases to act as such, may not be a director or officer of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years. The Board of Directors may, if it deems it appropriate, relieve the outgoing director from this restriction or reduce it to a shorter period.

In the case of cessation of office prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive compensation for the commitment not to compete described in the paragraph above unless their cessation is due to a breach of the duties of director attributable thereto or to the provisions of the succession plan included in the General Corporate Governance Policy, or to the sole decision thereof.



*For purposes of clarification, cessation of office shall not be considered to be due exclusively to the decision of the director if resignation occurs on occasion of the acceptance of a public office that is incompatible with the holding of the position of director.*

*The compensation for the commitment not to compete, if applicable, shall be equal to 90% of the fixed amount that the director would have received for the remainder of the director's term (assuming that the annual fixed amount that the director receives at the time of cessation of office is maintained), with a maximum equal to two times 90% of such annual fixed amount.*

## **5. Structure of the Remuneration of Executive Directors for the Performance of Executive Duties**

*The remuneration that executive directors are entitled to receive for the performance of executive duties at the Company (i.e. other than the duties inherent in their status as members of the Board of Directors) is structured around fixed remuneration, short-term and long-term variable remuneration, and applicable benefits, as described below.*

*The purpose of fixed remuneration is to attract and retain talent and reward the work of the executive directors, based on their level of responsibility, dedication, track record and professional experience, such that the necessary professionals are available to achieve the objectives of the Iberdrola group.*

*Short-term variable remuneration (annual bonus) is intended to incentivise the achievement of the group's annual objectives and those specific to the position, aligning the dedication and efforts of the executive directors with the business strategy.*

*Finally, long-term variable remuneration (Strategic Bonus) is intended to encourage the commitment of the executive directors to the Iberdrola group's business enterprise over the long term, linking a portion of their remuneration to the creation of value for the shareholders as well as to the sustainable achievement of the strategic objectives of the Company and the maximisation of its social dividend and shareholder return.*

*In this way, the remunerative mix of the executive directors, consisting of short- and long-term fixed and variable elements, is designed in such a way as to attract and retain the best talent and align their performance with the interests of the Iberdrola group and the achievement of its business strategy, promoting its long-term sustainability, in accordance with best practices at the domestic and international level.*

### **5.1 Fixed remuneration**

*This portion of the remuneration shall be in line with the remuneration paid in the market by companies with comparable capitalisation, size, ownership structure and international scope.*

*In 2021, the chairman & CEO will have the right to receive annual fixed remuneration of 2,250 thousand euros, and the Business CEO will have the right to receive 1,000 thousand euros.*

*The remuneration of the executive directors may vary based on the specific responsibilities and nature of the functions performed and will be reviewed annually by the Board of Directors upon a proposal of the Remuneration Committee, particularly taking into account, without limitation, the following factors: the financial position of the Company, market standards, the calibre and merits of the executive director, the risks of retention and general*





salary updates within the Iberdrola group. For these purposes, this Committee may rely on external advisors to perform the market studies and analyses that it deems appropriate.

Any change shall be explained in the corresponding Annual Director Remuneration Report.

## 5.2 Short-term variable remuneration (annual bonus)

A portion of the annual remuneration of the executive directors (and that of the members of the management team and of the professionals of the group) is variable, in order to strengthen their commitment to the Purpose and Values and to the goals of the group, as well as to incentivise the best performance of their duties.

Annual variable remuneration shall be linked to the achievement of specific economic/financial, operational/industrial and other objectives relating to the Sustainable Development Goals that are predefined and quantifiable and aligned with the Purpose and Values, the achievement of the business strategy, and the long-term interests and sustainability of the Company.

The maximum annual variable remuneration for each financial year shall be limited to 200% of the fixed remuneration of the executive director for that financial year, and shall be specified in the annual director remuneration report.

The objectives to which the short-term variable remuneration of the chairman & CEO shall be linked will be those relating to parameters such as:

- Net profit, gross operating profit (EBITDA), cash flow, etc.
- Investments.
- Shareholder remuneration compared to other securities and indices.
- Financial strength.
- Development and application of the Stakeholder Engagement Policy and commitment to the social dividend.
- Development of the Equality, Diversity and Inclusion Policy.
- Results in the fight against climate change.
- Management of corporate reputation, measured by the Company's presence on sustainability and ethics indices.
- Training of the group's professionals.

The targets to which the short-term variable remuneration of other executive directors shall be linked will be those relating to parameters such as:

- Net profit, gross operating profit (EBITDA), cash flow, etc.
- Efficiency level of the group.
- Selection and implementation of investments.



- *Project portfolio.*
- *Levels of occupational safety and labour climate.*

*Each annual director remuneration report shall describe the implementation of this Policy, shall identify the specific parameters for each financial year to which the annual variable remuneration of the executive directors shall be linked, and shall report on the level of achievement of the objectives.*

*The Remuneration Committee shall evaluate the performance of each of the executive directors, for which purposes it may rely on the advice of an independent expert, and shall submit a reasoned proposal to the Board of Directors for approval thereof.*

*The Board of Directors shall have a margin of discretion in evaluating compliance with the indicators, based on a proposal made by the Remuneration Committee, taking into account regulatory uncertainty and the occurrence of exceptional circumstances during the financial year, among other factors. Any use of this margin of discretion must be justified and explained in the Annual Director Remuneration Report.*

*Annual variable remuneration shall be entirely payable in cash.*

### 5.3 Long-term variable remuneration (Strategic Bonus): share delivery plans

*The Company applies a long-term share-based incentive plan (Strategic Bonus) directed to executive directors, members of senior management and professionals who are considered to contribute decisively to the creation of value due to their position or responsibility within the group, consisting of the delivery of shares linked to the performance of the group in relation to the Outlook 2020-2025, updated on the Capital Markets Day held on 5 November 2020.*

*Share delivery plans are subject to approval by the shareholders at a General Shareholders' Meeting, who establish the maximum number of shares to be delivered to the executive directors and also set the objective and quantifiable parameters determining the accrual thereof as well as their relative weighting. The plan currently in force (2020-2022 Strategic Bonus) was approved by the shareholders at the General Shareholders' Meeting held on 2 April 2020.*

*The parameters include financial variables (increase in net profit, comparative increase in total shareholder return and financial strength) and others relating to the environment and sustainability (reduction of CO<sub>2</sub> emissions, increase in number of suppliers subject to sustainable development policies and standards, and elimination of the wage gap). Each parameter is assigned a specific weighting as well as a minimum level above which it is considered to be achieved and another level above which it is considered fully achieved, which shall be reported in the director remuneration report.*

*The Remuneration Committee evaluates performance and determines the level of achievement of the pre-established parameters. The committee may seek the advice of an independent expert for this purpose. A reasoned proposal thereof shall be submitted to the Board of Directors for approval.*

*The plans typically have a duration of six years, of which the initial three-year period is the period for evaluating the performance level compared to the parameters to which the plan is linked, and the next three financial years are the payment period during which the shares are delivered on a deferred basis.*



*In order to engage in a proper overall evaluation of performance, circumstances occurring after the approval of each of the plans having a significant impact, either positive or negative, on the Outlook 2020-2025 or on the main financial variables of the Company (corporate transactions, mergers, split-offs, acquisitions, extraordinary dividends, significant regulatory and/or tax changes in the markets in which the group operates, etc.) shall be taken into account.*

*At the end of the evaluation period for each of the incentive plans, the plan shall accrue annually in equal parts. In the case of the 2020-2022 Strategic Bonus, the accrual shall occur during the first half of 2023 and during the first quarter of 2024 and 2025. Each annual accrual and the corresponding payment thereof must be approved by the Board of Directors, after a report from the Remuneration Committee.*

*In this connection, during each of the three years of the accrual and payment period and for each delivery of shares, it is expected that there will be an evaluation whether to confirm or totally or partially cancel the corresponding payment and, if applicable, to claim the total or partial reimbursement of the shares already delivered (or the amount thereof in cash) under certain circumstances. The shares shall be delivered along with the remuneration corresponding to said shares that has accrued since the initial allocation thereof to the beneficiaries.*

*Executive directors who are beneficiaries of incentive plans may not transfer ownership of the shares received for a period of three years unless they maintain a net financial exposure to changes in the share price having a market value equivalent to at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.*

#### 5.4 Remuneration for holding the position of director at other companies of the group that are not wholly owned

*Executive directors and officers of the group who hold the position of director at companies that are not wholly owned, either directly or indirectly, by the Company, may receive remuneration corresponding to the position from said companies in accordance with their corporate governance rules on the same terms as the other external directors.*

#### 5.5 Neutrality

*The Board of Directors shall ensure that the accrual of variable remuneration of any kind is not based merely on the general performance of the markets, of the industry in which the Company operates or other similar circumstances.*

#### 5.6 Benefits

*The remuneration system for executive directors may be supplemented by health and life insurance, in line with practices in the market by companies with comparable capitalisation, size, ownership structure and international scope.*

*The Company may implement long-term employee benefit systems for its executive directors.*

#### 5.7 Malus and claw-back clauses

*The Board of Directors, with due regard to any proposal made by the Remuneration Committee, has the power to totally or partially cancel the payment of long-term variable remuneration (malus clauses) or to request the return of remuneration already paid (claw-*



back clauses) under special circumstances. These circumstances include fraud, serious violation of the law, and a material restatement of the financial statements on which the Board based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules.

In the case of the Strategic Bonus, the power to demand a return of shares delivered shall be governed by a resolution of the shareholders acting at a General Shareholders' Meeting and by the rules implementing said resolution and approved by the Board of Directors, after a report from the Remuneration Committee.

The proportion of the amounts to be withheld or recovered shall be determined in the discretion of the Board of Directors, after an opinion of the Remuneration Committee, based on the specific circumstances giving rise to the demand.

#### 5.8 Severance clauses

Since the end of the 1990s, the executive directors, as well as a group of members of the management team, have the right to receive severance compensation in the event of termination of their executive relationship with the Company, provided that such termination is not the consequence of a breach attributable thereto or of the sole decision thereof. For purposes of clarification, termination shall not be deemed to be the consequence of the sole decision of the executive director if resignation is due to a breach by the Company or a material change in the duties of the executive director or other similar circumstances. In the case of the chairman & CEO, he is entitled to three times annual salary. Any reduction in the number of annual salary payments to this group might entail a high cost for the Company, for which reason the Board of Directors has decided not to change the current status quo, given the average age of the affected group and the practically non-existent execution of these types of guarantees. Each Annual Director Remuneration Report describes the ongoing reduction in the number of affected persons and any payment of this type of severance in each financial year. Since 2011, a severance limit of two times annual salary applies to new contracts with executive directors and members of senior management, as happens with the group's Business CEO.

#### 5.9 Appointment of new executive directors

To the extent possible, the remuneration of new executive directors shall be in line with the Remuneration Policy for those who are then holding the position. The fixed remuneration of the new executive directors shall be set on the date of their appointment, particularly taking into account their level of remuneration prior to their promotion or hiring, market terms and terms applicable to comparable positions, their experience and qualification level, and the duties assigned and responsibilities assumed. New executive directors shall participate in annual and long-term incentives based on the same principles as those applicable to directors holding the position at the time of their appointment, and may receive special or extraordinary remuneration or incentives to attract talent and compensate the new executive directors for variable remuneration or contractual rights lost upon leaving their previous position.

The Board of Directors, after taking account of the proposal of the Remuneration Committee, shall have the ability to modify established practice to the extent necessary to ensure the hiring of suitable candidates, in furtherance of the corporate interest.



## **6. Adjustment to Economic Situation and International Environment**

*The application of this Policy shall be appropriately adjusted to conform to the economic situation and international environment, upon a proposal of the Remuneration Committee, which may rely on the advice of an independent expert to this end. If appropriate, all the details of and reasons for any adjustment shall be provided to the shareholders in the next published annual director remuneration report.*

## **7. Basic Terms of the Contracts with Executive Directors**

### *a) Indefinite duration*

*The contracts with executive directors of the Company are of indefinite duration, and financial compensation is contemplated therein, as set out in Sections 5.8 and 7.d), in the event of termination of the contractual relationship with the Company, provided that such termination does not occur exclusively due to the decision of the executive director to withdraw or as a result of a breach of their duties. There is a three-month advance notice period for termination of the contracts.*

### *b) Applicable legal provisions*

*The contracts with executive directors are governed by the legal provisions applicable in each case.*

### *c) Compliance with the Governance and Sustainability System.*

*Executive directors have the duty to strictly observe the rules and provisions contained in the Company's Governance and Sustainability System, and especially, given the significance thereof, the principles and guidelines set out in the Preamble and in the Preliminary Title of the By-Laws, as well as in the Code of Ethics, which in any case shall be the reference point for the proper interpretation of the provisions of this Policy.*

### *d) Non-competition*

*Given the scope of their knowledge of the design and execution of the Company's strategy and business plans, the contracts with executive directors in all cases establish a duty not to compete with respect to companies and activities that are similar in nature during the term of their relationship with the Company, as well as for a period of between one and two years thereafter. As compensation for this post-contractual commitment not to compete, the executive directors are entitled to a severance payment equal to the remuneration for such periods.*

### *e) Confidentiality and return of documents*

*There is a rigorous duty of confidentiality both during the term of the contracts and after the relationship has terminated. In addition, upon termination of their relationship with the Company, the executive directors must return to the Company any documents and items in their possession relating to the activities carried out thereby.*

## **8. Principle of Full Transparency**

*The Board of Directors of the Company assumes a commitment to enforce the principle of the fullest transparency of all the items of remuneration received by all directors, providing clear and adequate information as much in advance as required and in line with the good*





*governance recommendations generally recognised in international markets in the area of director remuneration. In this respect, the Board of Directors has taken into account the information received from constant two-way contact with retail and institutional shareholders and proxy advisors.*

*For such purpose, the Board of Directors establishes this Policy and endeavours to ensure the transparency of director remuneration by including in the notes to the Company's annual financial statements a detailed breakdown, according to positions and classification, of all remuneration received by the directors, whether as such, in their capacity as executives, if applicable, or in any other capacity, and whether such remuneration has been paid by the Company or by other companies of the group.*

*In addition, the Board of Directors prepares the Annual Director Remuneration Report on an annual basis, which is submitted to a consultative vote as a separate item on the agenda.*

### **9. Temporary Exceptions**

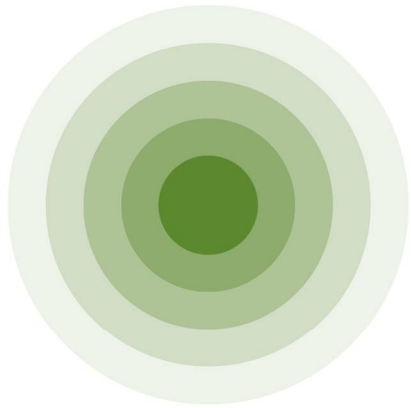
*Pursuant to the provisions of Section 529 novodecies.6. of the Companies Act, the Board of Directors, after a favourable report from the Remuneration Committee, may apply temporary exceptions to the variable components of executive directors' remuneration if necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure the viability thereof.*

### **10. Effectiveness**

*This Director Remuneration Policy shall be in effect from the financial year of its approval and during financial years 2022, 2023 and 2024."*

\* \* \*

In Bilbao, on 11 May 2021.



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors**

Proposed increases in  
capital by means of scrip  
issues of the “Iberdrola  
Retribución Flexible”  
optional dividend system



# REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED IMPLEMENTATION OF TWO INCREASES IN CAPITAL BY MEANS OF SCRIP ISSUES IN ORDER TO IMPLEMENT THE “IBERDROLA RETRIBUCIÓN FLEXIBLE” OPTIONAL DIVIDEND SYSTEM INCLUDED IN ITEMS NUMBER EIGHTEEN AND NINETEEN ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

## 1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) pursuant to the provisions of Sections 286 and 296 of the *Companies Act (Ley de Sociedades de Capital)*, in order to provide a rationale for the two proposed increases in share capital by means of scrip issues through the issuance of new shares with a charge to reserves, which are submitted to the shareholders for approval at the General Shareholders' Meeting under items number eighteen and nineteen on the agenda and under the section “*Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented*” (the “**Common Terms**”).

Pursuant to such sections of the *Companies Act*, to the extent that the approval of each of the increases in capital and the implementation thereof necessarily entails the amendment of the article of the *By-Laws* setting the share capital, the Board of Directors prepares this report setting forth the purpose of and rationale for the proposals being submitted to the shareholders at the General Shareholders' Meeting.

Given that the two increases in share capital by means of scrip issues have the same purpose and are implemented in a similar manner, this report provides the rationale for both proposals. For purposes of easier understanding by the shareholders of the transaction that gives rise to the proposals, a description of the purpose of, rationale for and structure of the proposals is first provided. Set forth below are the main terms and conditions of the increases in capital by means of scrip issues. Finally, the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting are included.

## 2. Purpose of, rationale for and structure of the proposals

### 2.1 Purpose of and rationale for the proposals

The “Iberdrola Retribución Flexible” optional dividend system reflects Iberdrola's desire to continuously apply the best corporate governance practices, especially in the area of its shareholder remuneration policy.

From 2010 to 2017, Iberdrola implemented the “Iberdrola Flexible Dividend” (Scrip Dividend) remuneration system, which allowed shareholders to receive bonus shares of the Company, but without limiting their ability to alternatively receive an amount in cash equal to the payment of the traditional dividend.

Within the context of the ongoing dialogue and interaction maintained with its shareholders under the *Shareholder Engagement Policy*, in 2018 Iberdrola identified the possibility of improving the “Iberdrola Flexible Dividend” remuneration system, particularly the formula used to monetise the traditional dividend, which until then was



implemented through the sale to the Company of the free-of-charge allocation rights at a guaranteed fixed price, and which in some jurisdictions could have a different tax and accounting treatment than the one that would apply to the receipt of a cash dividend.

As a consequence of the foregoing, in 2018 the Company developed an alternative to monetise the traditional dividend that could be more attractive and clear for all shareholders. The result was the optional dividend system called “Iberdrola Retribución Flexible”, which replaced the traditional remuneration system called “Iberdrola Flexible Dividend”, and has been welcomed by all shareholders of the Company, receiving the support of more than 95% of the votes cast at the 2018, 2019 and 2020 General Shareholders’ Meetings.

This system, the approval of which is again submitted to the shareholders at the General Shareholders’ Meeting, is based on the same principle of offering the shareholders the ability to receive bonus shares or to monetise the amount of their remuneration, optimising the alternative consisting of receiving a fixed amount in cash instead of shares.

Thus, shareholders who prefer to receive their remuneration in cash may do so through a supplementary dividend approved by the General Shareholders’ Meeting or through payment of the interim dividend for financial year 2021 approved by the Board of Directors, instead of transferring to the Company at a guaranteed fixed price the free-of-charge allocation rights they receive within the context of the implementation of the increases in capital, as happened under the traditional system, “Iberdrola Flexible Dividend”. In certain cases, this clarifies and simplifies the tax and accounting treatment of shareholder remuneration. In addition, shareholders who desire to receive their remuneration in cash will continue to have the option to sell their free-of-charge allocation rights on the market, although in this case the amount of the remuneration they receive will depend on market conditions in general and the listing price of the free-of-charge allocation rights in particular.

For this reason, in addition to the dividend contemplated in the proposed resolution corresponding to item number seventeen on the agenda for the General Shareholders’ Meeting (the “**Supplementary Dividend**”), it is expected that, prior to 31 December 2021, the Board of Directors will adopt a resolution approving the distribution of an amount on account of the dividend for financial year 2021 (the “**Interim Dividend**”), which will in any case be subject to compliance with the requirements of Section 277 of the *Companies Act*.

Notwithstanding the foregoing, if the requirements of Section 277 of the *Companies Act* are not met in the Second Implementation (as such term is defined below) to distribute the Interim Dividend, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital (as such term is defined below) at a guaranteed fixed price upon the terms and conditions described below (the “**Purchase Commitment**” and the “**Fixed Purchase Price**”, respectively).

## 2.2 Structure of the proposals

The proposals submitted to the shareholders for approval at the General Shareholders’ Meeting under items number eighteen and nineteen on the agenda and under the Common Terms have been structured in the form of two increases in share capital with a charge to the reserves contemplated in Section 303.1 of the *Companies*



Act (each such increase in capital shall be referred to as an “**Increase in Capital**” and both of them collectively as the “**Increases in Capital**”), which shall be implemented together with the payment of the Supplementary Dividend and the Interim Dividend, respectively (each a “**Dividend**” and collectively the “**Dividends**”). In particular:

- (i) The first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021 (the “**First Implementation**”) shall be carried out through the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number eighteen on the agenda, together with the payment of the Supplementary Dividend.
- (ii) The second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”) shall be carried out through the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number nineteen on the agenda together with the payment of the Interim Dividend, to the extent that the requirements set out in Section 277 of the *Companies Act* are met. The Purchase Commitment would be implemented if said requirements are not met.

It is expected that the First Implementation will take place in the month of July 2021 and that the Second Implementation will occur in the month of January 2022.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of Section 3.2 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The shareholders may only elect remuneration option (a) above during the “**Common Election Period**”. The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.





Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above with respect to different groups of shares that each of them own. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

Furthermore, as already mentioned, if the requirements of Section 277 of the *Companies Act* are not met on occasion of the Second Implementation, and therefore the Company cannot distribute the Interim Dividend, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price within the framework of the Purchase Commitment and thus receive a cash amount equal to the one that the Company would have distributed as payment of the Interim Dividend.

In this regard, it should be borne in mind that the tax treatment of the above alternatives may be different, as described in Section 3.7 below.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

### 3. Main terms and conditions of the Increases in Capital

Set forth below are the main terms and conditions of the Increases in Capital.

#### 3.1 Nominal amount of the Increases in Capital, number of shares to be issued, and number of free-of-charge allocation rights required for the allocation of one new share

The amount of each of the Increases in Capital shall be the result of multiplying the nominal value of each share of the Company (seventy-five euro cents per share) by the total determinable number of new shares of the Company to be issued on the date of each of the Implementations. The Increases in Capital will thus be carried out at par (i.e. without a share premium).

In turn, the maximum number of new shares to be issued in each Increase in Capital shall be the number resulting from the application of the following formula (with the result being rounded to the next lower integer):

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of new shares to be issued;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (or the body acting by delegation therefrom) resolves to implement each Increase in Capital. In this regard, those shares of Iberdrola that have previously been retired by virtue of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item number six on the agenda, even if the



corresponding public instrument formalising the implementation of the resolution approving the reduction in capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one new share in the Increase in Capital in question, which number will result from the application of the following formula, rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri}$$

For these purposes, “**Amount of the Option**” shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (or the body acting by delegation therefrom) and which will be a maximum amount of 1,725 million euros in the Increase in Capital submitted for the approval of the shareholders under item number eighteen on the agenda and of 1,250 million euros in the Increase in Capital submitted for the approval of the shareholders at the General Shareholders’ Meeting under item number nineteen on the agenda.

“**ListPri**” shall be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges in the five trading sessions prior to the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one new share, rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company or a company of its group that holds shares of the Company shall waive the corresponding free-of-charge allocation rights as provided in Section 3.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of Section 277 of the *Companies Act* to distribute the Interim Dividend are not met, the gross amount of the Fixed Purchase Price per free-of-charge allocation right will be calculated as follows (rounding the result to the closest one-thousandth part of one euro):

$$\text{Dividend*} = \text{ListPri} / (\text{Num. rights} + 1)$$

\* Or, if applicable, Fixed Purchase Price

Solely for purposes of facilitating an understanding of the application hereof, the Common Terms include a sample calculation of the maximum number of new shares to be issued in the Increase in Capital submitted for approval of the shareholders under item number eighteen on the agenda, of the maximum nominal value of such



Increase in Capital, of the number of free-of-charge allocation rights required for the allocation of one new share, and of the gross Supplementary Dividend per share.

The Amount of the Option of each Increase in Capital, together with the other items to be determined on each of the Implementations, shall be made public by means of a corresponding notice, which will be sent to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

### 3.2 Free-of-charge allocation rights

In each Increase in Capital, each outstanding share will grant its holder one free-of-charge allocation right.

It shall be deemed that those shareholders choosing to receive their remuneration in cash through the Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive new shares.

The number of free-of-charge allocation rights required to receive one new share in each Increase in Capital shall be automatically determined according to the ratio existing between the number of shares of the Company then outstanding on the date of implementation of the Increase in Capital in question (TNShrs.) and the provisional number of new shares, calculated by using the formula contained in Section 3.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one new share in exchange for the number of free-of-charge allocation rights held by them, which shall be determined as provided in Section 3.1 above.

In the event that the number of free-of-charge allocation rights required for the allocation of one new share (Num. rights) multiplied by the maximum number of new shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital in question, the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of new shares be a whole number and not a fraction. In such an event, as well as to the extent that shareholders of the Company elect to receive the Dividend, there will be an incomplete allocation of the Increase in Capital in question, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of Section 311 of the *Companies Act*.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect.

Iberdrola will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of implementation of the



corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item number six on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights may be traded during such term as is established by the Board of Directors (with express power of substitution), which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive new shares. Notwithstanding the foregoing, these free-of-charge allocation rights acquired on the market during the trading period shall not give the acquiring party the right to choose to receive the Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market, or alternatively receive any new bonus shares of the Company to which they are entitled.

Shareholders that do not have free-of-charge allocation rights in a number sufficient to receive one new share in each Increase in Capital may: (a) acquire on the market a sufficient number of free-of-charge allocation rights which, added to those already held by them, grant them the right to receive one new share; (b) transfer all or part of their free-of-charge allocation rights on the market (with the consideration for their rights depending on market conditions in general and on the listing price of the free-of-charge allocation rights in particular); or (c) elect to receive the Dividend.

Upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital in question, the holders of the free-of-charge allocation rights (provided that they have not waived them upon the terms set forth above) shall receive a number of new shares –as they are proportionately entitled to receive– entirely as bonus shares.

### 3.3 Gross amount per share to be distributed to the shareholders as the Dividend in the Implementations

As previously explained, upon the implementation of each Increase in Capital, the shareholders may choose to receive a certain Dividend per share. The gross amount to be distributed to the shareholders as the Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of each of the Implementations by the Board of Directors (with express power of substitution), pursuant to the rules set forth below.

In both Implementations, the gross amount per share of the Dividend will be the amount resulting from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

$$\text{Dividend} = \text{ListPri} / (\text{Num. rights} + 1)$$



In the Second Implementation, the Board of Directors shall adopt the corresponding resolution on distribution of the Interim Dividend prior to 31 December 2021, subject in any case to the provisions of Section 277 of the *Companies Act*<sup>1</sup>.

During the Common Election Period for each Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Dividend per share with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution), and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Dividend per share in question with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares pursuant to the provisions of Section 3.2 above.

After the Common Election Period has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend payment from each of the Implementations and shall make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the payment of the Dividend should occur, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful payment of the Dividend. Furthermore, after calculating said aggregate gross amount of the Dividend corresponding to each Implementation, the Board of Directors (with express power of substitution) shall rescind any resolution on distribution of the corresponding Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive new shares.

Moreover, in the case of the First Implementation, after calculating the aggregate gross amount of the Dividend for such Implementation, the aggregate total amount distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 pursuant to the provisions of item number seventeen on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020 shall be completed.

### 3.4 Purchase Commitment within the framework of the Second Implementation

As already mentioned, if the requirements set forth in Section 277 of the *Companies Act* to distribute the Interim Dividend are not met within the framework of the Second Implementation, in order to ensure that the shareholders can receive all or part of their remuneration in cash, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price (i.e. the Purchase Commitment and the Fixed Purchase Price, respectively) upon the following terms and conditions.

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<sup>1</sup> If the requirements of Section 277 of the *Companies Act* to distribute the Interim Dividend are not met, the gross amount of the Fixed Purchase Price per free-of-charge allocation right will be equal to the gross amount of the Interim Dividend per share resulting from the above formula (see Section 3.4 below).





The Fixed Purchase Price shall be calculated by applying the formula used to determine the gross amount per share of the Interim Dividend, such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to distribute the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect, but excluding those rights that have been transferred on the market.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of Section 311 of the *Companies Act*.

### 3.5 Rights attaching to the new shares

The new shares issued in each Increase in Capital shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries, and the book-entry registration of which will be entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its participants.

As from the date that each Increase in Capital is declared to be subscribed and paid up, the new shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

The Increases in Capital shall be carried out free of expenses and fees as to the allocation of the new shares issued. The Company shall bear the costs of issuance, subscription, flotation, admission to trading and other costs associated with the Increases in Capital.



Without prejudice to the foregoing, the Company's shareholders should bear in mind that the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) with which they keep their shares on deposit may establish such pass-through management fees and expenses as they may freely determine as a consequence of maintaining the securities in their book-entry records. Moreover, these participants may establish such pass-through fees and expenses as they may freely determine for the processing of orders to purchase and sell free-of-charge allocation rights.

### 3.6 Balance sheet for the transaction and reserves with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the Increases in Capital is the one for the financial year ended 31 December 2020, which has been audited by "KPMG Auditores, S.L." and which is submitted to the shareholders for approval at the General Shareholders' Meeting under item number one on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of them, the Board of Directors (with express power of substitution) shall determine the reserve(s) that will be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

### 3.7 Tax Regime

Within the framework of the implementation of the "Iberdrola Retribución Flexible" optional dividend system in 2018, and particularly the option for the Supplementary Dividend and the Interim Dividend, the Company submitted a binding consultation to the General Tax Authority (*Dirección General de Tributos*) (the "DGT") regarding the tax treatment applicable to its shareholders in Spain subject to the Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) ("IRPF"), which was submitted to such agency on 14 July 2017. This binding consultation was answered by the DGT on 16 January 2018 with reference number V0042-18.

In addition to the foregoing, on 10 October 2019 the Company submitted a binding consultation to the DGT in order to clarify the tax impact for purposes of withholding of the *Resolution of 5 March 2019 of the Accounting and Statutory Auditing Institute developing the standards for presentation of financial instruments and other accounting aspects relating to the commercial regulation of capital enterprises* published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 11 March 2019 (the "ICAC Resolution") on the delivery of bonus shares or free-of-charge allocation rights in this context (the "Consultation"). The consultation was answered on 12 May 2020 with reference number V1357-20.

The answers to the binding consultation, as well as the answers by the DGT to the binding consultations obtained by the Company on 27 April 2010 and 1 October 2010 (made in relation to the traditional "Iberdrola Flexible Dividend" remuneration system), indicate that the tax treatment applicable on the date of preparation of this report is as described below.

In any event, shareholders and the holders of free-of-charge allocation rights are advised to consult their tax advisers before making a decision regarding the "Iberdrola Retribución Flexible" optional dividend system, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights.



As stated above, for tax purposes, the following possibilities should be distinguished based on the option chosen by each shareholder within the framework of the “Iberdrola Retribución Flexible” optional dividend system:

A) If choosing to receive newly-issued bonus shares.

Pursuant to Spanish tax regulations, individual shareholders choosing to receive new shares as a consequence of the Increases in Capital will not include any income within their tax basis upon delivery thereof for purposes of the Spanish IRPF or the Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (“**IRNR**”) if they do not act through a permanent establishment in Spain, nor will any withholding or payment on account apply.

However, the acquisition value for these shareholders of both the new shares received as a consequence of each Increase in Capital and the shares from which they derive will result from distributing the total cost of acquisition among the applicable number of securities, including both existing securities and those issued as bonus shares. In respect of these shareholders, such bonus shares will be deemed to have been held for as long as the shares from which they derive. Consequently, in the event of a subsequent transfer, the income subject to taxation that is obtained will be calculated by reference to such new acquisition value.

Shareholders subject to the Corporate Income Tax (*Impuesto sobre Sociedades*) (“**IS**”) of the IRNR for non-residents with a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, will pay tax pursuant to applicable accounting rules (taking into account the ICAC Resolution, and particularly Article 35.4 thereof regarding the treatment of members of shareholder remuneration programmes that can be implemented by acquiring newly-issued bonus shares, disposing of the free-of-charge allocation rights on the market or selling them to the issuing company, which is mandatory for financial years beginning on 1 January 2020, and any specific rules regarding the above taxes). All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of Law 27/2014 of 27 November on the Corporate Income Tax (*Ley del Impuesto sobre Sociedades*) (“**LIS**”), upon compliance with the requirements set forth therein, or, in cases where the reserve used to issue the bonus shares in the Increase in Capital is the reserve from the share premium, the rule set forth in Section 17.6 of the LIS. Shareholders subject to the IS or the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisors on the impact of the ICAC Resolution and the government’s approach as described above before making a decision regarding Increase in Capital.

In any case, pursuant to the standard evaluated by the DGT in the Consultation in favour of the Company, Iberdrola will not apply withholding or payments on account upon the delivery of bonus shares or free-of-charge allocation rights within this context.



B) If choosing to transfer all or part of their free-of-charge allocation rights on the market

In the event that the shareholders sell their free-of-charge allocation rights on the market, the amount obtained for the transfer of such rights on the market will be subject to the following tax treatment:

- For individual shareholders subject to the Spanish IRPF or the IRNR for non-residents who do not act through a permanent establishment in Spain, the amount obtained in transfers of free-of-charge allocation rights will be deemed to be a financial profit, all without prejudice to the potential application to persons subject to the IRNR without a permanent establishment of international treaties, including the treaties signed by Spain for the avoidance of double taxation and for the prevention of tax evasion in the area of Income Tax and to which they might be entitled, and the exemptions established in the IRNR rules.

In addition, for individual shareholders subject to the IRPF applicable within the common regions of Spain, the amount obtained in the transfers of free-of-charge allocation rights will be subject to the corresponding withholding on account of this tax. The withholding will be applied by the corresponding depository (and in the absence thereof, by the financial intermediary or notary public that has participated in the transfer thereof).

- For shareholders subject to the IS or the IRNR with a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, taxes will be paid pursuant to applicable rules (taking into account, if applicable, the ICAC Resolution, and particularly the aforementioned Article 35.4 thereof, which will be mandatory for financial years beginning on 1 January 2020, and any specific rules regarding the aforementioned taxes). All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of the LIS, upon compliance with the requirements set forth therein, or, in cases where the reserve used to issue the bonus shares in the Increase in Capital is the reserve from the share premium, the rule set forth in Section 17.6 of the LIS. Shareholders subject to the IS and the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisors on the impact of the ICAC Resolution and the government's approach as described above before making a decision regarding Increase in Capital.

In any case, pursuant to the standard evaluated by the DGT in the Consultation in favour of the Company, Iberdrola will not apply withholding or payments on account upon the delivery of bonus shares or free-of-charge allocation rights within this context.



- C) If choosing to receive their remuneration in cash by collecting the Dividend in question, or alternatively, transferring all of their free-of-charge allocation rights to the Company at the Fixed Purchase Price pursuant to the Purchase Commitment<sup>2</sup>

Finally, if the shareholders (whether individuals or legal entities) choose to receive the Supplementary Dividend or the Interim Dividend (or if they receive the Fixed Purchase Price, if applicable), the amount obtained will be covered by the tax regime for returns obtained from participation in the own funds of entities (as dividends), and will therefore be subject to the corresponding withholding and taxation.

#### Other considerations regarding the tax regime

It should be borne in mind that this analysis of the tax regime (which has been performed on the basis of specific assumptions) does not cover all the possible tax consequences of the various options relating to the “Iberdrola Retribución Flexible” optional dividend system and/or the implementation of the Increases in Capital and the distribution of the Supplementary Dividend and of the Interim Dividend. If a change in these assumptions changes the description of the taxation of the proposals covered by this report, the new tax treatment will be communicated to the market as appropriate. In particular, it does not describe the consequences to which shareholders that are not residents in Spain for tax purposes may be subject in their countries of residence. Nor is there an analysis of any particularities that may apply to shareholders residing in the Historical Territories of the Basque Country or the Chartered Community of Navarre. Therefore, it is recommended that shareholders and holders of free-of-charge allocation rights consult with their tax advisers regarding the specific tax impact of the proposed remuneration system, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights, and that they pay attention to: (i) any amendments that may be made to the law applicable as of the date of this report, (ii) the text of the transitional provisions thereof, and (iii) the rules for interpretation.

Finally, the holders of American Depositary Receipts (ADRs) and CREST Depositary Interests (CDIs) representing shares of the Company are advised to consult with their tax advisers on the taxation thereof in Spain or their jurisdictions of residence before making a decision in connection with the Increases in Capital.

In any case, it should be noted that the Financial Transactions Tax Act (*Ley del Impuesto sobre las Transacciones Financieras*) (the “ITF” and the “LITF”, respectively) came into force on 16 January 2021.

According to the terms of the LITF, the ITF taxes acquisitions for consideration of shares of Spanish companies that are admitted to trading on a Spanish market, a regulated market of the European Union or a market considered equivalent in a third country at a fixed rate of 0.2%, provided that the capitalisation of the company as at 1 December of the year preceding the acquisition is more than 1,000 million euros (without prejudice to the transitional rules for 2021). A taxable event for purposes of

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<sup>2</sup> If the requirements of Section 277 of the *Companies Act* to distribute the Interim Dividend are not met.





the ITF also covers the acquisition of shares arising from the acquisition of certificates of deposit representing said shares (e.g. ADRs or CDIs), among other transactions or contracts.

Pursuant to the provisions of the LITF, the Spanish National Tax Administration Agency has published a list of Spanish companies whose shares have a market capitalisation of more than 1,000 million euros as at 16 December 2020. Iberdrola is included in this list, for which reason, in principle, acquisitions for consideration of its shares (or certificates of deposit representing such shares, like ADRs or CDIs) during 2021 would fall within the scope of the ITF (without prejudice to the corresponding exemptions that may apply).

That said, the Spanish National Tax Administration Agency has published a document on “Frequently asked questions regarding the Financial Transactions Tax” document (which is regularly updated), pursuant to which acquisitions of shares within the framework of shareholder remuneration programmes known as “scrip dividend” programmes (to the extent that the shares delivered are new shares resulting from a totally paid-up increase in capital) are not subject to the ITF.

However, the ITF may subject to taxation (at a fixed rate of 0.2%) other transactions in shares of Iberdrola (or ADRs or CDIs), regardless of the residence of the participating parties.

In any event, shareholders and the holders of free-of-charge allocation rights are advised to consult their tax advisers regarding the impact of these tax measures (particularly the application of the ITF), taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights.

### 3.8 Delegation to carry out each of the Implementations

It is proposed to delegate to the Board of Directors (with express power of substitution) the power to set the date on which each of the Implementations is to be carried out, as well as to establish the terms and conditions applicable to each of the Implementations as to all matters not provided for by the shareholders at the General Shareholders' Meeting (including, in particular, the Amount of the Option), all on the terms and within the period of one year contemplated in Section 297.1.a) of the *Companies Act*. Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting. Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions approved by the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors (or the body acting by delegation thereof) does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the distribution of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.



On the dates that the Board of Directors (or the body acting by delegation therefrom) decides to implement an Increase in Capital, establishing for such purpose all of the final terms and conditions thereof as to all matters not provided for by the shareholders at the General Shareholders' Meeting, the Company shall make public such terms and conditions. In particular, prior to the commencement of each free-of-charge allocation period, the Company shall make available to the public a document containing information on the number and nature of the shares, the reasons for the Increase in Capital and the gross amount of the Dividend per share, all as provided by Article 1.5.(g) of *Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC* or the legal provisions that apply at any particular time.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- i. The new shares shall be allocated to those who, according to the book-entry records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its participants, are the holders of free-of-charge allocation rights in the required proportion (due to not having waived them on the terms provided above).
- ii. The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- iii. The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of Section 277 of the *Companies Act* are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution).

Finally, in each Increase in Capital, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of share capital and the number of shares resulting from the Increase in Capital in question, and to make application for trading the new shares as described in the next section.

### 3.9 Admission of the new shares to trading

The Company shall make application for trading the new shares to be issued as a consequence of each Increase in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and shall carry out such acts and formalities as are required for admission to trading of the new shares issued in each Increase in Capital.

## 4. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:



## **“ITEM NUMBER SEVENTEEN ON THE AGENDA**

**Allocation of profits/losses and distribution of 2020 dividends, the supplementary payment of which will be made within the framework of the “Iberdrola Retribución Flexible” optional dividend system.**

### **RESOLUTION**

To approve the proposed allocation of profits/losses and distribution of dividends for financial year 2020 formulated by the Board of Directors at its meeting held on 23 February 2021, which is described below:

To distribute, with a charge to the results for the financial year ended 31 December 2020 and to the remainder from prior financial years, a dividend in the aggregate gross amount that will be equal to the sum of the following amounts (the **“Dividend”**):

- a) 266,013,034.73 euros, which were paid on account of the dividend for financial year 2020 on 8 February 2021 to the holders of 1,583,410,921 shares of IBERDROLA, S.A. (the **“Company”** or **“Iberdrola”**) who elected to receive their remuneration in cash within the framework of the second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2020 by collecting an amount of 0.168 euro (gross) per share (the total amount paid to said holders will be referred to as the **“Total Interim Dividend”**); and
- b) the determinable amount resulting from multiplying:
  - i. the gross amount per share to be distributed by the Company as a supplementary dividend payment for financial year 2020 within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021 (the **“Supplementary Dividend”**), and which will be as determined by the Company’s Board of Directors pursuant to the rules set forth in the section “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the **“Common Terms”**); by
  - ii. the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021.

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be implemented together with the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number eighteen on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of Iberdrola can choose when receiving their remuneration within the framework of the first implementation of the “Iberdrola Retribución Flexible”



*optional dividend system for financial year 2021. As a result of the foregoing, and as described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.*

*The distribution of the Supplementary Dividend, which is expected to become effective during the month of July 2021, shall be implemented through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised to establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the distribution.*

*The Board of Directors is also delegated the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.*

*Finally, pursuant to the provisions of Section 249 bis.l) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.*

*The basis for distribution and the resulting proposed distribution (expressed in euros) is as follows:*

**BASIS FOR DISTRIBUTION:**

*Balance from prior financial years: 11,018,466,080.53*

*Profits for financial year 2020: 2,291,562,828.64*

**TOTAL: 13,310,028,909.17**

**DISTRIBUTION:**

*To Dividend:*

*Amount pending determination which will result from adding: (a) the Total Interim Dividend; and (b) the product resulting from multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021.*



To remainder:

*Determinable amount that will result from subtracting the amount allocated to the Dividend from the total basis for distribution.*

**TOTAL:**

**13,310,028,909.17**

*On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda (and therefore, to commence the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2021), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2021 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.*

*The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda.*

## **ITEM NUMBER EIGHTEEN ON THE AGENDA**

***First increase in capital by means of a scrip issue at a maximum reference market value of 1,725 million euros in order to implement the "Iberdrola Retribución Flexible" optional dividend system.***

### **RESOLUTION**

*To increase the share capital of IBERDROLA, S.A. (the "**Company**" or "**Iberdrola**") upon the terms and conditions described in the section below, entitled "Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**"), at a maximum reference market value of 1,725 million euros for the shares to be issued in implementation of said increase.*

*The increase in capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders' Meeting under item seventeen on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.*





*Pursuant to the provisions of Section 297.1.a) of the Companies Act, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.*

*Pursuant to the provisions of Section 249 bis.l) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.”*

*This increase in capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item number seventeen on the agenda during the month of July 2021.*

## **ITEM NUMBER NINETEEN ON THE AGENDA**

**Second increase in capital by means of a scrip issue at a maximum reference market value of 1,250 million euros in order to implement the “Iberdrola Retribución Flexible” optional dividend system.**

### **RESOLUTION**

*To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of 1,250 million euros for the shares to be issued in implementation of said increase.*

*The increase in capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2021, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.*

*Pursuant to the provisions of Section 297.1.a) of the Companies Act, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.*

*Pursuant to the provisions of Section 249 bis.l) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.”*

*This increase in capital is expected to be implemented together with the Interim Dividend payment during the month of January 2022.*



## **COMMON TERMS AND CONDITIONS OF THE DIVIDEND DISTRIBUTION AND INCREASE IN CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS NUMBER SEVENTEEN, EIGHTEEN AND NINETEEN ON THE AGENDA, BY VIRTUE OF WHICH THE “IBERDROLA RETRIBUCIÓN FLEXIBLE” OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED**

### **1. Main characteristics of the “Iberdrola Retribución Flexible” optional dividend system**

The purpose of the resolutions for the allocation of profits/losses and dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda is to implement the “Iberdrola Retribución Flexible” optional dividend system pursuant to which the shareholders of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.

For this purpose, there shall be two implementations of said optional dividend system in which dividend payments shall be made (the “**Dividend Payments**”, and individually, a “**Dividend Payment**”) along with the implementations of the increases in capital (the “**Increases in Capital**”, and individually, an “**Increase in Capital**”) submitted for approval of the shareholders at the General Shareholders’ Meeting under items number eighteen and nineteen on the agenda:

- (i) The first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021, which is expected to take place during the month of July 2021 (the “**First Implementation**”), shall be carried out through the supplementary payment of the dividend for financial year 2020 contemplated in item number seventeen on the agenda (the “**Supplementary Dividend**”) together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number eighteen on the agenda.
- (ii) The second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021, which is expected to take place during the month of January 2022 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”), shall be carried out through the payment of an interim amount of the dividend for financial year 2021 (the “**Interim Dividend**”) to be approved, if appropriate, by the Board of Directors pursuant to the provisions of Section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number nineteen on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the “**Dividends**” and each of them individually as a “**Dividend**”.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):



- (a) *Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.*
- (b) *Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.*
- (c) *Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of Section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.*

*The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company's Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.*

*Within the year following the date of approval of the resolutions included in items number eighteen and nineteen on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders' Meeting, and based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company's shareholders a flexible and efficient remuneration formula.*

*The shareholders may only elect remuneration option (a) above (i.e. receive the Dividend in question) during the "**Common Election Period**". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.*

*Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.*

*As described below (see Section 3 below), if the requirements of Section 277 of the Companies Act to distribute the Interim Dividend are not met within the framework of the Second Implementation, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the "**Purchase Commitment**" and the "**Fixed Purchase Price**", respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have distributed as the Interim Dividend.*

*Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).*



*It is also stated for the record that the only period authorised for the holder of free-of-charge allocation rights to communicate to the entities with which their rights are deposited regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.*

## **2. Amount of the Dividends**

### **2.1. Gross amount per share to be distributed to the shareholders as a Supplementary Dividend in the First Implementation**

*The gross amount to be distributed to the shareholders as a Supplementary Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item number seventeen on the agenda and in this section (the “**Supplementary Dividend**”). The amount of the Supplementary Dividend shall be calculated in accordance with the terms set forth in this section.*

*During the Common Election Period for the First Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.*

*After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on distribution of the Supplementary Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.*

*Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 pursuant to the provisions of*





*item number seventeen on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020 shall be completed.*

*The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares of the Company to which they are entitled.*

*Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.*

## **2.2. Gross amount per share to be distributed to the shareholders as an Interim Dividend in the Second Implementation**

*The gross amount to be distributed as an Interim Dividend, if any, for each share of Iberdrola with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2021 and pursuant to the provisions of Section 277 of the Companies Act (the “**Interim Dividend**”).*

*During the Common Election Period for the Second Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.*

*After the Common Election Period for the Second Implementation, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR). To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on distribution of the Interim Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.*

*The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by*





*delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.*

*Without prejudice to the foregoing, if the requirements of Section 277 of the Companies Act are not met within the framework of the Second Implementation in order to distribute the Interim Dividend, the Company will make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in Section 3 below.*

*Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.*

### **3. Purchase Commitment within the framework of the Second Implementation**

*If the requirements of Section 277 of the Companies Act are not met to distribute the Interim Dividend within the framework of the Second Implementation, the Company will make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.*

*As soon as the Company verifies that the requirements of Section 277 of the Companies Act are not met, it shall communicate this circumstance to the market.*

*The Fixed Purchase Price shall be calculated by applying the formula used to determine the Interim Dividend (see Section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to distribute the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.*

*The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to exercise the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.*

*The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.*



*For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.*

*The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act.*

*The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of Section 311 of the Companies Act, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.*

#### **4. Common characteristics of the Increases in Capital**

*The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in Section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”).*

*Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of Implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.*

*The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.*

*The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.*

*Pursuant to the provisions of Section 311 of the Companies Act, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.*



#### 4.1 New Shares to be issued in each of the Increases in Capital

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$NNS = TNShrs. / Num. rights$$

where:

*NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;*

*TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of Iberdrola that have previously been retired by virtue of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item number six on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and*

*Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the result being rounded to the next higher integer:*

$$Num. rights = TNShrs. / Provisional number of shares$$

where:

*Provisional number of shares = Amount of the Option / ListPri.*

*For these purposes, "Amount of the Option" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed increase in capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items number eighteen and nineteen on the agenda (i.e. 1,725 and 1,250 million euros, respectively).*

*For its part, "ListPri" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market) during the five trading sessions prior to the relevant resolution adopted by the Board of Directors (with express power of substitution) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, rounded to the closest one-thousandth part of one euro.*

*The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the*



next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any entity within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in Section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of Section 277 of the Companies Act are not met in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

$$\text{Dividend (or, if applicable, Fixed Purchase Price)} = \text{ListPri} / (\text{Num. rights} + 1)$$

#### 4.2 Free-of-charge allocation rights

In each of the Increases in Capital, each outstanding share of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of Implementation of the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in Section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in Section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, Iberdrola will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of Implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item number six on the Agenda, has not yet been executed or is still pending registration.





*The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to exercise the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.*

*Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of the free-of-charge allocation rights may choose between:*

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;*
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of the free-of-charge allocation rights will receive for the sale thereof will depend on market conditions in general and on the listing price of said rights in particular; or*
- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.*

*In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive New Shares.*

*As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that*





has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holder of free-of-charge allocation rights to communicate to the entities with which their rights are deposited regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

#### **4.3 Balance sheet for the transaction and reserve with a charge to which the Increases in Capital are carried out**

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2020, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item number one on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

#### **4.4 Representation of the New Shares**

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its member entities.

#### **4.5 Rights attaching to the New Shares**

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.



#### 4.6 Shares on deposit

*Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of Section 117 of the Companies Act, at the expense and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.*

#### 4.7 Application for admission to trading

*The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.*

*Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out in applicable law at such time.*

### 5. Implementation of the "Iberdrola Retribución Flexible" optional dividend system. Implementations

*Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each of the Implementations must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).*

*Furthermore, it is expected that prior to 31 December 2021, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of Section 277 of the Companies Act. To this end, and in accordance with the provisions of Section 161 of the Companies Act, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the requirements established in Section 277 of the Companies Act are met, to approve the distribution of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.*

*Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part,*



*within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.*

*Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions of the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the distribution of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.*

*Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:*

- (a) The New Shares shall be allocated to those who, according to the book-entry records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from Section 4 above due to not having waived them upon the terms set forth above.*
- (b) The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.*
- (c) The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of Section 277 of the Companies Act are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of Section 2 above.*

*Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the By-Laws so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).*

## **6. Delegation to carry out each of the Implementations**

*In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):*

- (a) To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.*



- (b) *As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.*
- (c) *To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.*
- (d) *To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.*
- (e) *To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.*
- (f) *As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).*
- (g) *After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).*
- (h) *To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.*
- (i) *To rescind the resolution on distribution of the corresponding Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive New Shares.*
- (j) *In the case of the First Implementation, to determine the aggregate total amount to be distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 pursuant to the provisions of item number seventeen on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020.*
- (k) *In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been distributed as a dividend with a charge to the results for the financial year ended 31 December 2020 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to*





*remainder, and to complete the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2020.*

- (l) To amend the article of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.*
- (m) To waive, if appropriate, and in each of the Increases in Capital, free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item number six on the agenda, has not yet been executed or is still pending registration.*
- (n) If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the requirements of Section 277 of the Companies Act for the distribution of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect (within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.*
- (o) To take all steps required for the New Shares to be included in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.*
- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*
- (q) To approve and implement such technical or other mechanisms as “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and the IBERCLEAR participants may deem necessary or appropriate in order to make any corresponding payment on account.*





## 7. Sample calculation relating to the First Implementation

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be equal to the Supplementary Dividend).

The results of these calculations are not representative of those that might be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of Iberdrola shares at that time (*ListPri*) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- The Amount of the Option is 1,612 million euros.
- The TNShrs. is 6,240,000,000<sup>3</sup>.
- A *ListPri* of 11.365 euros is assumed (solely for the purposes of this example, the listing price of the Iberdrola shares at the closing of the trading session of 5 May 2021 has been used as a reference).

Therefore:

<i>Provisional number of shares = Amount of the Option / ListPri</i>	$1,612,000,000 / 11.365 = 141,838,979.322481 = 141,838,979$ shares (rounded downwards)
<i>Num. rights = TNShrs. / Provisional number of shares</i>	$6,240,000,000 / 141,838,979 = 43.9935484871193000 = 44$ rights (rounded upwards)
<i>NNS = TNShrs. / Num. rights</i>	$6,240,000,000 / 44 = 141,818,181.818182 = 141,818,181$ shares (rounded downwards)
<i>Dividend = ListPri / (Num. rights + 1)</i>	$11.365 / (44 + 1) = 0.252555555555556 = 0.253$ euro (rounded to the closest one-thousandth part of one euro)

<sup>3</sup> For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in capital provided for in the resolution corresponding to item number six on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).



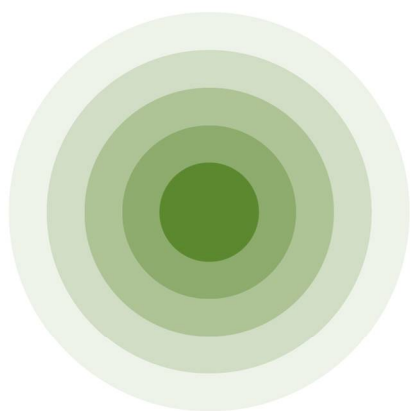
Therefore:

- (i) *The maximum number of shares to be issued in the First Implementation would be 141,818,181.*
- (ii) *The maximum nominal amount of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item number eighteen on the agenda would be 106,363,635.75 euros (141,818,181 x 0.75).*
- (iii) *44 free-of-charge allocation rights (or Old shares) would be necessary for the allocation of one new share<sup>4</sup>.*
- (iv) *In this example, the Supplementary Dividend would be equal to 0.253 euro (gross) per share."*

In Bilbao, on 11 May 2021

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<sup>4</sup> In this example, the Company (or an entity of its group that holds shares of the Company) would be required to waive 36 free-of-charge allocation rights corresponding to 36 own shares in order for the number of shares to be issued to be an integer.



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

**Report of the Board  
of Directors**  
Ratification of appointment  
and re-election of directors



## MASTER REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RATIFICATION OF THE APPOINTMENT AND RE-ELECTION OF DIRECTORS INCLUDED IN ITEMS NUMBER TWENTY TO TWENTY-TWO ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

### 1. Object of the report

This explanatory report is made by the Board of Directors of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) in accordance with the provisions of Section 529 *decies* of the *Companies Act (Ley de Sociedades de Capital)* in relation to the proposed re-elections as directors of Mr Juan Manuel González Serna and Mr Francisco Martínez Córcoles, with the classification of independent and executive director, respectively, as well as the proposed ratification of the interim appointment (co-option) of Mr Ángel Jesús Acebes Paniagua and the re-election thereof as independent director.

In the proposals regarding the re-election of Mr Juan Manuel González Serna as independent director, as well as the ratification of the interim appointment (co-option) of Mr Ángel Jesús Acebes Paniagua and the re-election thereof as independent director, the Board of Directors has taken into account the conclusions set forth in the corresponding proposals of the Appointments Committee dated 10 May 2021, which are attached as annexes to this report, in favour of the ratification of the interim appointment of Mr Acebes Paniagua and the re-election of the two candidates as independent directors of the Company.

The Board of Directors shares the conclusions set forth in the report of the Appointments Committee dated 10 May 2021, which is attached as an annex to this document, in favour of the re-election of Mr Francisco Martínez Córcoles as executive director of Iberdrola, which generally highlights his in-depth and well-versed knowledge of the businesses of the Company and its group and his tremendous decision-making abilities, as reflected in the excellent results of the Iberdrola group.

The Appointments Committee also favourably assessed the continuity of Mr Juan Manuel González Serna, Mr Francisco Martínez Córcoles and Mr Ángel Jesús Acebes Paniagua, as directors based on the corresponding positive evaluation of their performance and dedication to the position during their entire term, their strategic vision and decision-making capacity, and the continuation of three quite valuable profiles for the Board of Directors, with a broad understanding of the Company, of the Iberdrola group and of the businesses thereof.

In the case of Mr Ángel Jesús Acebes Paniagua, who was already a director of the Company between 2012 and 2019, the Appointments Committee also took into account the good results obtained by Mr Acebes Paniagua in the evaluations of his performance as a director of the Company and his dedication to the position during his prior term as a member of Iberdrola’s Board of Directors.

The proposals and the reports of the Appointments Committee, which are attached as annexes to this document, contain the information required by article 14.2.d) of the *Regulations for the General Shareholders’ Meeting* in relation to the three candidates.



With the proposed re-elections of directors submitted to the shareholders at the General Shareholders' Meeting, the Board of Directors would be comprised of fourteen directors, ten of whom will have the status of independent director (71.43% of the total directors), two of whom will have that of executive directors (14.28% of the total) and two of other external (14.28% of the total).

The Board of Directors, with the advice of the Appointments Committee, finds that with the process of selecting the three candidates does not suffer from implicit biases that might entail discrimination of any kind, and with the aforementioned proposals and report prepared by said committee, weighed as a whole, there is a strengthening and consolidation on the one hand of the high level of independence of the Board of Directors, and on the other of the diversity of skills, knowledge, experience, origin, nationality and age within the Board of Directors required for the best performance of the duties entrusted thereto, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations.

## **2. Competence, experience and merits of Mr Juan Manuel González Serna, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Mr Juan Manuel González Serna, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the proposal submitted by the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Appointments Committee has quite favourably assessed the broad experience and professional track record of the candidate in business management and his proven entrepreneurial capacity (he founded Grupo Siro in 1991), as well as his training and his in-depth and well-versed knowledge of the Company, of the Iberdrola group and of the businesses thereof acquired during his prior term within the Company, as well as at other companies of the group, which will allow him to continue to contribute quite positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by Mr González Serna in the regular evaluations of his performance as a director of Iberdrola, which will allow him to continue contributing quite positively to the operation of this corporate decision-making body, and has also favourably assessed the commitment thereof to the inclusion of disadvantaged and excluded groups and those with differing abilities, which is in line with Iberdrola's social commitment as stated in the Governance and Sustainability System.

The candidate has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.





### **3. Competence, experience and merits of Mr Juan Francisco Martínez Córcoles, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Mr Francisco Martínez Córcoles, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the attached report issued by the Appointments Committee.

Based on the information set out in said report, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Appointments Committee has quite favourably assessed the professional experience and track record of the candidate as well as his in-depth and well-versed knowledge of the Company and of the Iberdrola group, and particularly the businesses thereof, acquired during his long professional career with the Company and its group.

The Board of Directors has also taken into account the good results obtained by Mr Martínez Córcoles in the regular evaluations of his performance as a director of Iberdrola, which will allow him to continue contributing quite positively to the operation of this corporate decision-making body.

The candidate has been proposed based on the personal and professional qualities thereof, and will continue to be assigned the status of executive director, based on the executive duties he will continue to perform within the Company.

The foregoing, as well as the reasons advocated by the Appointments Committee for such re-election (which appear in the attached report and which this body endorses), leads the Board of Directors to believe that the re-election of Mr Francisco Martínez Córcoles as an executive director of the Company is justified and appropriate, and is convinced that such re-election will provide a continuation of the management of Iberdrola and the group performed so far.

It is also appropriate to note, as stated for the record by the Appointments Committee, that the reasons stated in such attached report, and particularly the skills and experience of Mr Martínez Córcoles, his ability to continue to contribute very positively to the operation of the Board of Directors and the maintenance of a very valuable profile due to his in-depth knowledge of the Company and its group, and particularly its businesses, support the proposed re-election of Mr Francisco Martínez Córcoles even if, during his new term as director, he ceases to hold the position of Business CEO and may be assigned to the classification of other external director.

### **4. Competence, experience and merits of Mr Ángel Jesús Acebes Paniagua, the ratification of whose interim appointment and re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Mr Ángel Jesús Acebes Paniagua, the ratification of whose interim appointment and re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the proposal submitted by the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.



In particular, the Appointments Committee has very favourably assessed the candidate's extensive experience and professional career – especially in the public sector, which gives him tremendous knowledge in the regulatory and public institutional sector as well as in the private sector due to having provided advice as a lawyer to companies in the energy and the industrial and technology sectors – as well as his training and his in-depth and well-versed knowledge of the Company, of the Iberdrola group and of the businesses thereof, which will allow him to continue to contribute quite positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by Mr Acebes Paniagua in the regular evaluations of his performance as a director of the Company, with respect to both his last appointment as well as his prior term as a director of Iberdrola.

The candidate has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

#### **5. Contribution of the proposed candidates to the diversity of skills, knowledge, experience, origin, nationality, age and gender within the Board of Directors**

Considered as a whole, the three candidates allow for a strengthening of the diversity of skills, knowledge, experience, origin, nationality and age in the composition of the Board of Directors required for the best performance of the duties thereof, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations.

As described in the proposals and in the report of the Appointments Committee attached hereto, the three candidates have knowledge and experience in the main countries and sectors in which the Company's group does business, and they are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to the duties of director.

All of them are irreproachable professionals, whose conduct and professional track record is aligned with the principles set forth in the *Code of Ethics* and with the corporate purpose and values of the Iberdrola group established in the *Purpose and Values of the Iberdrola group*. The Appointments Committee has also verified that none of the candidates have directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest provided for generally or in the Governance and Sustainability System for holding the position of director.

Specifically, the various professional profiles and backgrounds of the candidates ensure the contribution of multiple viewpoints and guarantee an enriching debate and a decision-making process without implicit biases, and positively contribute to the operation of the Board of Directors.

Furthermore, the proposed re-elections of the directors achieve a diverse and balanced composition of the Board of Directors as a whole, based on the nature and complexity of the businesses of the Iberdrola group, as well as the social and environmental context in which it has a presence, and contribute to strengthening the diversity of skills, knowledge and experience, as well as of origins, nationalities and age.



Finally, it is stated for the record that all of the candidates have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

## **6. Proposed resolutions**

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

### **“ITEM NUMBER TWENTY ON THE AGENDA**

***Re-election of Mr Juan Manuel González Serna as independent director.***

#### **RESOLUTION**

*To re-elect Mr Juan Manuel González Serna as director, upon the proposal of the Appointments Committee, for the by-law mandated four-year term, with the classification of independent director.*

### **ITEM NUMBER TWENTY-ONE ON THE AGENDA**

***Re-election of Mr Francisco Martínez Córcoles as executive director.***

#### **RESOLUTION**

*To re-elect Mr Francisco Martínez Córcoles as a director, after a report from the Appointments Committee, for the by-law mandated four-year term, with the classification of executive director.*

### **ITEM NUMBER TWENTY-TWO ON THE AGENDA**

***Ratification and re-election of Mr Ángel Jesús Acebes Paniagua as independent director.***

#### **RESOLUTION**

*To ratify the appointment of Mr Ángel Jesús Acebes Paniagua as a director appointed on an interim basis by resolution of the Board of Directors, upon a proposal of the Appointments Committee, adopted at the meeting held on 20 October 2020 and to re-elect him, also upon a proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.*

### **ITEM NUMBER TWENTY-THREE ON THE AGENDA**

***Setting of the number of members of the Board of Directors at fourteen.***

#### **RESOLUTION**

*To set the number of members of the Board of Directors at fourteen.”*



## 7. Composition of the Board of Directors

If all proposed resolutions regarding the ratification of the interim appointment of Mr Acebes Paniagua and the re-elections of Mr Juan Manuel González Serna, Mr Francisco Martínez Córcoles and Mr Ángel Jesús Acebes Paniagua as directors of the Company submitted to the shareholders at the General Shareholders' Meeting under items number twenty to twenty-two on the agenda are approved, the Company's Board of Directors would be made up of the following fourteen members:

<b>Name</b>	<b>Position</b>	<b>Classification</b>
Mr José Ignacio Sánchez Galán	Chairman & CEO	Executive
Mr Juan Manuel González Serna	Vice-Chair	Independent
Mr Íñigo Víctor de Oriol Ibarra	Member	Other external
Ms Samantha Barber	Member	Other external
Ms María Helena Antolín Raybaud	Member	Independent
Mr José Walfredo Fernández	Member	Independent
Mr Manuel Moreu Munaiz	Member	Independent
Mr Xabier Sagredo Ormaza	Member	Independent
Mr Anthony L. Gardner	Member	Independent
Ms Sara de la Rica Goiricelaya	Member	Independent
Ms Nicola Mary Brewer	Member	Independent
Ms Regina Helena Jorge Nunes	Member	Independent
Mr Francisco Martínez Córcoles	Member	Executive
Mr Ángel Jesús Acebes Paniagua	Member	Independent

In Bilbao, on 11 May 2021



## ANNEX

### PROPOSED RE-ELECTION OF MR JUAN MANUEL GONZÁLEZ SERNA AS INDEPENDENT DIRECTOR OF IBERDROLA, S.A. FORMULATED BY THE APPOINTMENTS COMMITTEE

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of IBERDROLA, S.A. (“**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing re-elections of independent directors for submission to a decision by the shareholders at a General Shareholders’ Meeting, as well as for verifying that the director to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for gathering adequate information regarding their personal qualities, experience, knowledge and effective availability.

Mr Juan Manuel González Serna was last re-elected as a director of Iberdrola for the bylaw-mandated four-year term at the General Shareholders’ Meeting held on 31 March 2017. Given that the term for which Mr González Serna was appointed as a director of the Company ends during this financial year 2021, the Committee has examined the advisability of his re-election and has performed the verifications and evaluations referred to in the aforementioned Article 5, sections d) and e), of the regulations.

Therefore, the purpose of this document is to gather the results of the work performed by the Committee relating to the potential re-election of Mr Juan Manuel González Serna, as well as to propose to the Board of Directors, for submission to the shareholders at the General Shareholders’ Meeting, the re-election thereof with the classification of independent director.

#### 2. Professional profile and biographical data of the candidate

Born in Madrid (Spain) in 1955.

He has a degree in Law, Economics and Business Studies from the Instituto Católico de Administración y Dirección de Empresas (ICADE) of the Comillas Pontifical University of Madrid and a Master’s in Business Administration (MBA) from the Escuela de Dirección del Instituto de Estudios Superiores de la Empresa (IESE Business School) of the University of Navarra.

##### Noteworthy experience for holding this position within the Company

He has been an independent director of “Iberdrola España, S.A.U.” (Sociedad Unipersonal) and of “Iberdrola Renovables, S.A.”, as well as chair of the appointments and remuneration committee of the latter company.

##### Noteworthy experience in other industries

He founded Grupo Siro, a business group in the food sector, in 1991.

He has extensive experience in the food, financial, venture capital and health sectors.





He has been a member of the board of “Banco Urquijo Sabadell Banca Privada, S.A.” and of “Sociedad para el Desarrollo Industrial de Castilla y León, Sociedad de Capital Riesgo, S.A.” (SODICAL, now “Ade Capital Social, Sociedad de Capital Riesgo de Régimen Común, S.A.”).

**Other current positions and professional activities. Membership on other boards of directors**

He is the chairman of the “Ceralto Siro Foods, S.L.”, a business group in the food sector, and a member of the Governing Board of the Spanish Commercial Coding Association (Asociación Española de Codificación Comercial) (AECOC). He is a member of the advisory board of Rabobank in Spain and Europe and a director of Profesionales de la Medicina y de la Empresa, S.A. (Grupo HM Hospitales).

Mr González Serna is also a founding trustee and chairman of Fundación Grupo SIRO as well as a member of the executive committee and trustee of Fundación SERES, an honorary member of the General Assembly of the Spanish Paralympics Committee, a trustee of Fundación Casa Ducal de Medinaceli, and honorary president of the Empresa Familiar de Castilla y León association.

**3. Category to which the director candidate should belong**

Mr González Serna has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

**4. Availability**

Before the beginning of each financial year, the Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

**5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder**

As at the date of this proposal, Mr Juan Manuel González Serna is the holder of 473,957 shares of the Company (of which 425,706 shares are in the name of his controlled company “Pastas de La Carolina, S.L.” and 48,251 are held directly), which represent approximately 0.007% of the share capital.

**6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy***

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Juan Manuel González Serna to the position of director, the Committee has evaluated the needs of the Company and of its group, taking into consideration the specific particularities of the businesses thereof and of the territories in which it does business, comparing them to the profile of the candidate for re-election.



The Committee believes that the Board of Directors should have members with extensive experience in business management and proven entrepreneurial skills, like those of Mr Juan Manuel González Serna, who funded Grupo Siro in 1991, as well as in-depth and well-versed knowledge of the Company, its group and its businesses, like that of Mr González Serna.

The Committee has taken into account quite positively the commitment of Mr Juan Manuel González Serna to the inclusion of disadvantaged and excluded groups and those with differing abilities, which is in line with Iberdrola's social commitment as stated in the Governance and Sustainability System.

The Committee also quite favourably assesses the knowledge and experience of the candidate for re-election acquired during his distinguished professional career and particularly as a director of the Company and member of some of the consultative committees, as well as the continuation thereof, based on the positive evaluation of his performance and his dedication to the position during the entire term thereof, his strategic vision and decision-making capacity, and the continuation of a very valuable profile for the Board of Directors, with a broad understanding of the internal operation of the Company and its group.

Specifically, the Committee believes that the good results obtained by Mr González Serna in the evaluations ensures his positive contribution to the Board of Directors and to the achievement of an enriched debate therein.

The re-election thereof will also contribute to strengthening the current high percentage of independent directors within the Company's Board of Directors.

The Commission therefore considers the re-election of Mr Juan Manuel González Serna as a director to be appropriate.

## **7. Verification of compliance with the requirements to be a director of the Company**

The Committee quite favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the purpose and the principles contained in the *Code of Ethics* and with the corporate values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest provided for generally or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## **8. Conclusion**

The Committee has unanimously decided to propose the re-election of Mr Juan Manuel González Serna as a director of the Company, with the classification of independent director.



## ANNEX

### REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR FRANCISCO MARTÍNEZ CÓRCOLES AS EXECUTIVE DIRECTOR OF IBERDROLA, S.A.

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of IBERDROLA, S.A. (“**Company**”), the Appointments Committee (the “**Committee**”) is responsible for reporting on proposed re-elections of executive directors for submission to a decision by the shareholders at a General Shareholders’ Meeting, as well as for verifying that the director to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for gathering adequate information regarding their personal qualities, experience, knowledge and effective availability.

Mr Francisco Martínez Córcoles was last re-elected as a director of Iberdrola for the bylaw-mandated four-year term at the General Shareholders’ Meeting held on 31 March 2017. Given that the term for which Mr Martínez Córcoles was appointed as a director of the Company ends during this financial year 2021, the Committee has examined the advisability of his re-election and has performed the verifications and evaluations referred to in the aforementioned Article 5, sections d) and e), of the regulations.

Therefore, the purpose of this report is to gather the results of the work performed by the Committee relating to the potential re-election of Mr Francisco Martínez Córcoles, as well as to report to the Board of Directors, for submission to the shareholders at the General Shareholders’ Meeting, on the re-election thereof with the classification of executive director.

#### 2. Professional profile and biographical data of the candidate

Born in Alicante (Spain) in 1956.

He has a degree in Industrial Engineering (specialisation Electrical Engineering) from Comillas Pontifical University (Madrid) and a Master’s degree in Business Administration (MBS) from Escuela de Dirección del Instituto de Estudios Superiores de la Empresa (IESE Business School) of the University of Navarra.

##### Noteworthy experience for holding this position within the Company

In June 2014 he was appointed Business CEO (*director general de Negocios*) of the Iberdrola group, with overall responsibility for all of the group’s businesses worldwide.

He spent his professional career at “Compañía Sevillana de Electricidad, S.A.” until joining “Hidroeléctrica Española, S.A.”, and then, after the merger with “Iberduero, S.A.”, the Company, where he has been director of the Production Market, director of the Wholesale Energy Markets Business Unit, and general director of the Liberalised Business, with overall responsibility for all of the Generation, Retail and Energy Management Businesses of the Iberdrola group.



He has held the position of chairman of “Elektro Holding, S.A.”, “Iberdrola Generación, S.A.” (Sociedad Unipersonal), “Iberdrola Generación México, S.A de C.V.” and “Scottish Power Generation Holdings Ltd.” and has been a member of the board of “Compañía Operadora del Mercado Eléctrico Español, S.A.”, “Elcogas, S.A.” and “Iberdrola Ingeniería y Construcción, S.A.” (Sociedad Unipersonal).

He was also a member of the board of directors of the Spanish Electric Industry Association (*Asociación Española de la Industria Eléctrica*) (UNESA).

#### Noteworthy experience in other industries

He began his professional career at the systems division of Arthur Andersen.

He has been a member of the advisory board of the International University of Bremen (Germany) and vice president of the energy and natural resources committee of the Spanish Institute of Engineering.

#### Other current positions and professional activities. Membership on other boards of directors

Currently, he is the Business CEO of the Iberdrola group, chairman of the board of directors of “Iberdrola España, S.A.” (Sociedad Unipersonal) and of “Iberdrola Energía Internacional, S.A.” (Sociedad Unipersonal), as well as a director of “Iberdrola México, S.A. de C.V.”

He is also a member of merit of the National Association of Engineers of Escuela Técnica Superior de Ingeniería (ICAI).

#### Other information

He has been awarded the 17<sup>th</sup> Annual Javier Benjumea Prize of the National Association of Engineers of Escuela Técnica Superior de Ingeniería (ICAI) and the Gold Medal of the Spanish Nuclear Sociedad (*Sociedad Nuclear Española*) (SNE).

### **3. Category to which the director candidate should belong**

Mr Martínez Córcoles should be assigned the status of executive director, based on the executive duties he is expected to continue performing within the Company.

If Mr Francisco Martínez Córcoles ceases to hold office as Business CEO during his term, he would be classified as “other external director”.

### **4. Availability**

Before the beginning of each financial year, the Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.



## 5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this report, Mr Francisco Martínez Córcoles is the holder of 745,286 shares of the Company, which represents approximately 0.012% of the share capital.

## 6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Francisco Martínez Córcoles to the position of director, the Committee has evaluated the needs of the Company and of its group, taking into consideration the specific particularities of the businesses thereof and of the territories in which it does business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with broad experience in the domestic and international energy industry and in the financial industry with an in-depth and well-versed thorough knowledge of the internal operation of the Company and of its Group, and particularly its businesses, like that of Mr Martínez Córcoles.

The candidate's extensive experience as an executive officer of the Company, his holding of the position of Business CEO of the Iberdrola group, and his presence on the boards of directors of various international companies of the group in Brazil, Mexico and the United Kingdom, have allowed Mr. Martínez Córcoles to acquire a tremendous knowledge of the operation of the businesses of the Company's group as well as significant international experience.

The Committee also quite favourably assesses the knowledge and experience of the candidate for re-election acquired during his distinguished professional career and as a director of the Company, as well as the continuation thereof, based on the positive evaluations of his performance and his dedication to the position during the entire term thereof as a member of the Board of Directors and his strategic vision and tremendous management and decision-making capacity, which is reflected in the magnificent results of the Company and its group, with the re-election thereof providing continuity to the management of the Company and of the Iberdrola group until now.

The re-election of Mr Martínez Córcoles is also a positive contribution to the operation of Board of Directors and the contribution thereof to an enriching debate within this body, and will maintain a very valuable profile for the Board of Directors, with in-depth knowledge of the Company and its group, and particularly its businesses.

The Committee thus finds the re-election thereof as a director to be advisable.

## 7. Verification of compliance with the requirements to be a director of the Company

The Committee quite favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the purpose and the principles contained in the





*Code of Ethics* and with the corporate values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest provided for generally or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## 8. Conclusion

The Committee has unanimously concluded to favourably report on the re-election of Mr Francisco Martínez Córcoles as a director of the Company, with the classification of executive director.

In addition, the Commission notes for the record that the grounds set forth above, and particularly the skills and experience of Mr Martínez Córcoles, his ability to continue to contribute very positively to the operation of the Board of Directors and the maintenance of a very valuable profile due to his in-depth knowledge of the Company and its group, and particularly its businesses, and endorses this report in favour of the re-election of Mr Martínez Córcoles even if, during his new term as director, he ceases to hold the position of Business CEO and falls within the classification of other external director.



## ANNEX

# PROPOSED RATIFICATION AND RE-ELECTION OF MR ÁNGEL JESÚS ACEBES PANIAGUA AS INDEPENDENT DIRECTOR OF IBERDROLA, S.A. FORMULATED BY THE APPOINTMENTS COMMITTEE

### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of IBERDROLA, S.A. (“**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing re-elections of independent directors for submission to a decision by the shareholders at a General Shareholders’ Meeting, as well as for verifying that the director to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for gathering adequate information regarding their personal qualities, experience, knowledge and effective availability.

By resolution of the Board of Directors dated 20 October 2020, Mr Ángel Jesús Acebes Paniagua was appointed as a director of the Company on an interim basis (co-option) until the first General Shareholders’ Meeting to be held thereafter. Given that the term for which Mr Acebes Paniagua was appointed a director of Iberdrola ends on the day of the General Shareholders’ Meeting, which is expected to be held on 18 June 2021, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in the aforementioned Article 5, sections d) and e), of the regulations.

Mr Acebes Paniagua had previously been appointed director of the Company on an interim basis (co-option) by resolution of its Board of Directors on 24 April 2012 and ratified and re-elected as a director at the General Shareholders’ Meeting held on 22 June 2012, and last re-elected on 27 March 2015.

Therefore, the purpose of this document is to gather the results of the work performed by the Committee relating to the potential ratification of the interim appointment (co-option) and re-election of Mr Ángel Jesús Acebes Paniagua, as well as to propose to the Board of Directors, for submission to the shareholders at the General Shareholders’ Meeting, the ratification of the interim appointment and the re-election thereof as a director of the Company, with the classification of independent director.

### 2. Professional profile and biographical data of the candidate

Born in Ávila (Spain) in 1958.

Degree in Law from the University of Salamanca.

#### Noteworthy experience for holding this position within the Company

Mr Ángel Jesús Acebes Paniagua has advised companies in the energy and industrial and technology sectors, among others.

He was an independent director of the Company between 2012 and 2019, and was also a member of the Executive Committee and of the Appointments Committee during a portion of this period.



After the IPO of “Bankia, S.A.” he was a director of Banco Financiero y de Ahorros, S.A. (“BFA”), acting as chairman of its audit and compliance committee. By virtue of these positions, he dealt with entities in which BFA had an interest that do business in the energy, industrial and technology sectors.

Mr Acebes Paniagua also has significant knowledge of the regulatory area due to his work as a member of the Council of Ministers of the Government of Spain, as a senator and as a national deputy.

#### Noteworthy experience in other industries

From 2008 to 2011 Mr Ángel Jesús Acebes Paniagua served on the board of “Caja Madrid Cibeles, S.A.”, which manages the investments of the Caja Madrid group in other companies with activities in the financial and insurance sectors as well as the retail banking sector outside of Spain.

In the institutional area, as has been Minister for Public Administrations (1999-2000), Minister of Justice (2000-2002) and Minister of the Interior (2002-2004) of the Spanish Government, which gives him in-depth knowledge regarding the operation of public institutions and relations therewith and regarding the regulatory area.

He also has more than twenty years of experience in the practice of law. He was a practicing lawyer from 1982 to 1994, specializing in commercial law. He returned to legal practice in 2008 and founded “MA Abogados Estudio Jurídico, S.L.P.”, a law firm with offices in six Spanish autonomous communities, which provides legal advice in areas that include corporate law, corporate governance, competition, mergers and acquisitions, and regulated industries.

#### Other current positions and professional activities. Membership on other boards of directors

Mr Acebes Paniagua is chairman and founding partner of “MA Abogados Estudio Jurídico, S.L.P.” as well as sole director and professional partner of “Doble A Estudios y Análisis, S.L.P.”, a company dedicated to providing legal advice.

He is a trustee of Fundación para el Análisis y Estudios Sociales (FAES) and Fundación Universitaria Teresa de Ávila.

### **3. Category to which the director candidate should belong**

Mr Acebes Paniagua has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

### **4. Availability**

Before the beginning of each financial year, the Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.



## 5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Mr Ángel Jesús Acebes Paniagua is the holder of 7,246 shares of the Company, which represent approximately 0.0001% of the share capital.

## 6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of ratifying the interim appointment (co-option) and re-election of Mr Ángel Jesús Acebes Paniagua to the position of director, the Committee has evaluated the needs of the Company and of its group, taking into consideration the specific particularities of the businesses thereof and of the territories in which it does business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the public sector and in providing legal advice to companies in the energy and the industrial and technology sectors, with in-depth and well-versed knowledge of the Company and its group and the businesses thereof, like that possessed by Mr Ángel Jesús Acebes Paniagua.

Mr Acebes Paniagua's extensive experience and track record in the public sector also gives him a great knowledge of public institutions and the regulatory sector, which are significant elements in the businesses of both the Company and its group. Mr Ángel Jesús Acebes Paniagua has also advised companies in the energy and industrial and technology sectors.

The Commission also quite favourably values the knowledge and experience of the candidate for re-election acquired throughout his long professional career, and particularly as a director of the Company between 2012 and 2019 and member of the Executive Committee thereof and of the Committee, as well his continuity thereon, based on the positive evaluation of his performance and his dedication to the position during that period and since his interim appointment as a director of the Company on 20 October 2020, of his strategic vision and decision-making capacity and of his continuing to have a very valuable profile for the Board of Directors with extensive knowledge of the internal operation of the Company and its group.

Specifically, the Committee believes that the good results obtained by Mr Acebes Paniagua in the evaluations ensures his positive contribution to the Board of Directors and to the achievement of an enriched debate therein.

The re-election thereof will also contribute to strengthening the current high percentage of independent directors within the Company's Board of Directors.

Therefore, the Committee considers it appropriate to ratify the interim appointment (co-option) of Mr Ángel Jesús Acebes Paniagua and the re-election thereof as a director.

## 7. Verification of compliance with the requirements to be a director of the Company

The Committee quite favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in assessments of the individual performance thereof.



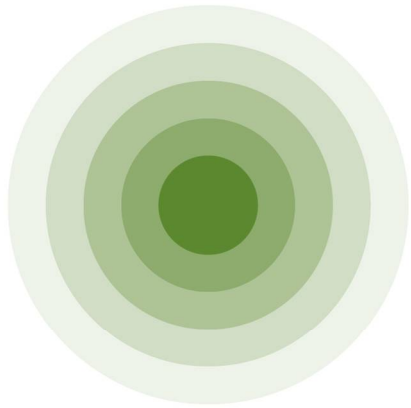
In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the purpose and the principles contained in the *Code of Ethics* and with the corporate values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest provided for generally or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## 8. Conclusion

The Committee has unanimously (with the abstention of the candidate for re-election) decided to propose the ratification of the interim appointment (co-option) and the re-election of Mr Ángel Jesús Acebes Paniagua as a director of the Company, with the classification of independent director.





# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors**

Proposed authorisation to  
issue simple debentures  
and other fixed-income  
securities



# REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AUTHORISATION TO ISSUE SIMPLE DEBENTURES OR BONDS, NOTES AND OTHER FIXED-INCOME SECURITIES, NOT EXCHANGEABLE OR CONVERTIBLE INTO SHARES, AND TO GUARANTEE ISSUES BY SUBSIDIARIES, INCLUDED IN ITEM NUMBER TWENTY-FOUR ON THE AGENDA FOR THE 2021 GENERAL SHAREHOLDERS' MEETING

## 1. Object of the report

This report is made by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) to provide a rationale for the proposed delegation to the Board of Directors, with express power of substitution, of the power to issue simple debentures or bonds, notes and other fixed-income securities of similar nature, not exchangeable or convertible into shares, and authorisation for the Company to be able to guarantee obligations of any kind that might arise for its subsidiaries from issues of said fixed-income securities thereby.

## 2. Rationale for the proposal

Although the issue of simple debentures or bonds, notes and other fixed-income securities of a similar nature, not redeemable or convertible into shares, is not a power that under the *Companies Act (Ley de Sociedades de Capital)* must necessarily belong to the shareholders acting at a General Shareholders' Meeting, Iberdrola's *By-Laws* vest the ultimate decision on these types of issues thereto, without prejudice to the ability of the shareholders, when they so deem appropriate, to delegate the power to issue these types of securities to the Board of Directors.

In this regard, the Board of Directors considers this power to be indispensable in order to be able at all times to raise the funds necessary for the proper management of corporate interests in the primary securities markets, in accordance with widespread practice at listed companies (many of which assign this power directly to the Board of Directors).

The purpose of the delegation is to give the Company the manoeuvrability and responsiveness required by the current competitive environment, in which the success of a strategic initiative or a financial transaction often depends on the possibility of dealing with it quickly, without incurring the delays and costs that inevitably ensue from the call to and holding of a General Shareholders' Meeting.

Thus, the proposal submitted for approval of the shareholders at the General Shareholders' Meeting is intended to give the Board of Directors the power to raise, if necessary, a suitable level of funds within a short period of time, taking into account the potential future needs of the Company. In this way, the Company gains flexibility and agility in financing its activities and refinancing its financial liabilities, thereby facilitating an optimisation of the costs associated with raising funds in the markets.

For such purpose, pursuant to the provisions of Section 319 of the *Regulations of the Mercantile Registry* and in accordance with Article 17.1.q) of the *By-Laws* (which gives the shareholders at the General Shareholders' Meeting the ability to delegate to the Board of Directors the power to issue the marketable securities covered by the proposal), delegation to the Board of Directors to issue simple debentures or bonds, notes or other fixed-income securities of similar nature, not exchangeable or convertible into shares, and authorisation



to guarantee issues of said fixed-income securities by the subsidiaries of Iberdrola, is hereby submitted to the shareholders at the General Shareholders' Meeting.

The proposed delegation to the Board of Directors is quantitatively limited in order to not undermine the provisions of the *By-Laws* and to allow the shareholders to better assess the scope of the authorisation requested of them at the General Shareholders' Meeting. The Board of Directors believes that the limit of authorisation requested from the shareholders at the General Shareholders' Meeting is reasonable and sufficiently broad and flexible to allow for raising the required funds in the capital market within the context of the financing requirements forecast for compliance with the "Outlook 2020-2025", in view of the multinational reality that is currently made up of Iberdrola and its group of companies, its planned investments, the volume of debt to finance and refinance, and the performance of the businesses.

Along these lines, the proposed maximum limit of the amount of the issue or issues of simple debentures or bonds and other fixed-income securities of a similar nature other than notes approved under this delegation is a net amount of 30,000 million euros, or the equivalent thereof in another currency, which means that the amount corresponding to repayments or repurchases of the securities made or occurring during the effective period of the authorisation will be deducted from new issues in order to calculate said limit. This limit shall not apply to the issue of notes, for which there is proposed a limit, autonomous and independent of the foregoing, of 6,000 million euros, or the equivalent thereof in another currency, which also refers to the net amount of the issue, meaning that the amount corresponding to repayments or repurchases of the securities made or occurring during the effective period of the authorisation will be deducted from new issues approved under this authorisation. This formula makes it possible to quantitatively limit the authorisation in a clear and objective manner and, at the same time, to give the Board of Directors a greater margin of flexibility, since issues repaid and repurchases of securities during the authorisation period are taken into account in calculating the limit.

Furthermore, it may sometimes be desirable to issue these securities through a subsidiary, with a guarantee from the parent company. Accordingly, it is deemed to be of interest for the shareholders at the General Shareholders' Meeting to authorise the Board of Directors to guarantee, in the name of the Company, all obligations as may arise from the issue of fixed-income securities by the Company's subsidiaries during the effective period of this resolution, within the quantitative limits set out above, in order to give the Board of Directors the utmost degree of flexibility in structuring issues of securities in such manner as may be most appropriate in the specific circumstances in each case.

It is also provided that securities issued under this delegation may be admitted to trading on the appropriate Spanish or foreign, official or unofficial, organised or other secondary markets.

Finally, it is proposed to deprive of effect, in the unused amount of the issues, the authorisation to issue simple debentures or bonds and other fixed-income securities of a similar nature, including notes, given to the Board of Directors by the shareholders acting at the General Shareholders' Meeting held on 31 March 2017. For the sake of clarity, this shall not in any way affect the securities issued or the guarantees already provided under such authorisation (or any prior authorisations), which shall remain in force on their own terms, as long as such issues and/or guarantees remain.



### 3. Proposed resolution submitted to the shareholders at the General Shareholders' Meeting

The proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

#### **“ITEM NUMBER TWENTY-FOUR ON THE AGENDA**

***Authorisation to issue simple debentures or bonds and other fixed-income securities, not exchangeable for or convertible into shares, with a limit of 6,000 million euros for promissory notes and 30,000 million euros for other fixed-income securities, as well as to guarantee issues of subsidiaries.***

#### **RESOLUTION**

##### **1. Authorisation to the Board of Directors to issue securities**

*To authorise the Board of Directors to issue simple debentures or bonds, notes and other fixed-income securities of a similar nature, not exchangeable or convertible into shares.*

##### **2. Term**

*The issuance of the securities covered by the authorisation may be effected on one or more occasions within a maximum period of five years following the date of approval of this resolution.*

##### **3. Maximum amount**

- (a) *The total maximum net amount of simple debentures or bonds and of other fixed-income securities of a similar nature (other than notes) issued under this authorisation may not exceed 30,000 million euros or the equivalent thereof in another currency. This limit is independent of the limit set out in paragraph (b) below.*
- (b) *The total maximum net amount of the notes issued under this authorisation may not exceed 6,000 million euros or the equivalent thereof in another currency. This limit is independent of the limit set out in paragraph (a) above.*

*In order to determine whether each of these limits has been reached, the amounts corresponding to repayments or repurchase made or occurring during the effective term of this authorisation term shall be deducted from new issues approved under this authorisation.*

##### **4. Scope**

*For each issue, the Board of Directors shall determine, among other things: the nominal value, the issue price, the redemption price, the currency, the form of representation, the interest rate, the repayment terms, the subordination clauses, the security, the place of issue, the applicable law, the setting of the internal rules of the bond syndicate and the appointment of the syndicate representative (comisario) (in the case of an issue of simple debentures or bonds), if required, as well as the performance of any formalities necessary for the implementation of the specific issues to be carried out under this authorisation.*

*In addition, the Board of Directors is authorised such that, when it deems it appropriate and subject, if applicable, to any appropriate authorisations being secured and to the consent of security-holders coming together at a meeting of the corresponding syndicates of security-holders, it may modify the terms and conditions applicable to the repayment of the fixed-*



*income securities issued as well as the respective period thereof, and the rate of interest, if any, accrued by the securities included in each of the issuances effected under this authorisation.*

#### **5. Admission to trading**

*The Company shall, when appropriate, make application for the admission to trading of the securities issued within the framework of this authorisation on Spanish or foreign, organised or unorganised, and regulated or unregulated markets, and the Board of Directors shall be authorised, as broadly as required by law, to carry out all acts and formalities that may be required for these purposes with the appropriate authorities of the various Spanish or foreign securities markets.*

*It is expressly stated for the record that if application is subsequently made for delisting of the securities issued by the Company pursuant to this authorisation, it shall be made in compliance with the same formalities as the application for listing, to the extent any such formalities are required, and in such case, the interests of the shareholders, debenture-holders or other security-holders opposing or not voting on the resolution shall be safeguarded as provided by applicable law.*

*In addition, it is expressly stated that the Company undertakes to abide by stock market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued trading and delisting.*

#### **6. Guarantee in support of issues of fixed-income securities**

*The Board of Directors is also authorised to guarantee, on behalf of the Company and within the limits set forth above, new issues of securities by subsidiaries during the effective period of this resolution.*

#### **7. Power of substitution**

*The Board of Directors is expressly authorised to further delegate the powers referred to in this resolution.*

#### **8. Revocation of current authorisation**

*This resolution deprives of effect, to the extent of the unused amount of the issues, the authorisation to issue simple debentures or bonds and other fixed-income securities of a similar nature, including notes, given for such purpose to the Board of Directors by the shareholders acting at the General Shareholders' Meeting held on 31 March 2017, without prejudice to the effectiveness thereof as to the amount already used for the issues made and the guarantees provided or promised prior to this resolution."*

In Bilbao, on 11 May 2021