

VII. Procedure for Conflicts of Interest and Related-Party Transactions With Senior Officers

19 December 2017

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Article 1. Purpose

1. The *Procedure for Conflicts of Interest and Related-Party Transactions with Senior Officers* (the “*Procedure*”), which forms part of the Corporate Governance System of IBERDROLA, S.A. (the “*Company*”) is aimed at establishing the rules that must be followed in those situations in which there is a direct or indirect conflict of interest between the interest of the Company or any of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “*Group*”) and the interest of the senior officers of the Company or of other persons that the Compliance Unit decides to make subject to the conflict of interest rules or the persons related thereto (“*Conflicts of Interest*”), as well as in transactions that said persons engage in with the companies of the Group (“*Related-Party Transactions*”).
2. The provisions of this *Procedure* shall prevail over the provisions of the *Code of Ethics* in the event of conflict therewith.

Article 2. Definitions

For purposes of this rule, the following terms shall have the meaning set forth below:

1. Persons subject to conflict of interest rules:
 - a) Senior officers, i.e. officers reporting directly to the Company’s Board of Directors, the chairman thereof or the chief executive officer of the Company, and, in any event, the director of the Internal Audit Area, as well as any other officer that the Board of Directors regards as such.
 - b) Those persons designated by the Company’s Compliance Unit (the “*Unit*”) in view of the possibility of their being involved in potential Conflicts of Interest considering the duties they perform within the Company or its Group. The Unit shall notify them of their status as persons subject to conflict of interest rules and shall also communicate the identity thereof to the Human Resources Division.
2. Related persons of persons subject to conflict of interest rules:
 - a) A spouse or other person related by a like relationship of affection.
 - b) The ascendants, descendants or siblings of the persons subject to conflict of interest rules or of the spouse or the spouse thereof (or of another person related by a like relationship of affection).
 - c) The spouses of the ascendants, descendants and siblings of the persons subject to conflict of interest rules.
 - d) The companies or entities in which the person subject to conflict of interest rules or any of their related persons, acting personally or through a nominee, falls within any of the control situations established by applicable legal provisions.
 - e) The companies or entities in which persons subject to conflict of interest rules or any of their related persons, acting personally or through a nominee, hold an administrative or management position or a position for which they receive remuneration for any reason, provided, in addition, that they also exercise, directly or indirectly, a significant influence on the financial and operational decisions of such companies or entities.

Article 3. Conflicts of Interest

A Conflict of Interest shall be deemed to exist in all those situations in which there is a conflict, whether direct or indirect, between the interest of the Company or of the companies forming part of the Group with the particular interest of the person subject to conflict of interest rules.

Article 4. Related-Party Transactions

1. The Related-Party Transactions that are subject to the provisions of this *Procedure* are all transfers of resources, services or obligations, regardless of whether or not they are made for valuable consideration, carried out by any of the persons subject to conflict of interest rules or the persons related thereto with the Company or with any of the companies within its Group.
2. The execution of a Related-Party Transaction is in any event a Conflict of Interest to which the provisions of this *Procedure* shall apply.
3. Related-Party Transactions with listed companies of the Group or with the subsidiaries thereof shall be excluded from the scope of this *Procedure*, provided that they have corporate governance rules similar to those of the Company governing these kinds of transactions.

Article 5. Duty to Report Conflicts of Interest to the Director of the Unit

1. If a person subject to conflict of interest rules becomes aware that they are involved in a situation of Conflict of Interest (either directly or indirectly through a related person), said person must provide written notice thereof as soon as possible to said person’s supervisor, who shall forward said notice to the director of the Unit.
2. If the Conflict of Interest involves a senior officer of the Company (either directly or indirectly through a related person), the notice mentioned in the preceding section must be sent to the director of the Unit.
3. The notice shall contain a description of the situation giving rise to the Conflict of Interest, with a statement as to whether it is a direct conflict or an indirect conflict through a related person, in which case the latter person must be identified.
4. The description of the situation must describe, as applicable, the subject matter and the principal terms of the transaction or the planned decision, including the amount thereof or an approximate financial assessment thereof. If the situation giving rise to the Conflict of Interest is a Related-Party Transaction, the notice shall also identify the department or person of the Company or of any of the companies of the Group involved therein.
5. If the conflict arises from an operation, transaction or circumstance that requires any kind of execution, decision-making or acceptance, the person subject to conflicts of interest rules must refrain from taking any action until the Unit studies the case and adopts and informs said person of the appropriate decision.

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6. Any concern as to whether the person subject to conflict of interest rules might be involved in a Conflict of Interest (either directly or indirectly through a related person) must be directed by said person to their supervisor, who shall forward the communication to the director of the Unit. If the Conflict of Interest involves a senior officer of the Company (either directly or indirectly through a related person), the query referred to in this section must be addressed directly to the director of the Unit.

Persons subject to conflict of interest rules must also refrain from taking any action until the Unit replies to their query.

Article 6. Duty to Refrain from Participating in Decision-making if there is a Conflict of Interest

1. If the Conflict of Interest arises from an operation or transaction to be approved by any corporate decision-making body, committee or division, the person subject to conflict of interest rules must refrain from participating in the decision-making. If the person subject to conflict of interest rules forms part of said corporate decision-making body, committee or division, said person must also refrain from participating in the deliberations.
2. A person subject to conflict of interest rules must also refrain from accessing confidential information that affects such conflict.

Article 7. Information regarding Conflicts of Interest

1. The Unit shall prepare a register of Conflicts of Interest reported by persons subject to conflict of interest rules, which shall be continuously updated.
2. The information set forth in said register shall have the level of detail sufficient to allow for an understanding of the scope of each of the situations of conflict.

Article 8. Approval of Related-Party Transactions

1. Except as provided in section 5 below, Related-Party Transactions shall be subject in all cases to the approval of the Unit.
2. The Unit shall ensure that Related-Party Transactions are carried out under arm's length conditions. For such purpose, the Unit may obtain the cooperation of the Finance and Resources Division to analyse the Related-Party Transaction in question, to support it when deciding on approval thereof.
3. In the case of customary or recurring Related-Party Transactions in the ordinary course of business, it shall be sufficient to give a generic prior approval of the kind of transaction and of the conditions for performance thereof.
4. If a Related-Party Transaction entails the successive performance of different transactions, of which the second and subsequent transactions are mere acts of execution of the first transaction, the provisions of this *Procedure* shall only apply to the first transaction carried out.
5. However, the approval of the Unit shall not be required in connection with transactions that simultaneously satisfy the following three conditions: that they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to a large number of customers; that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question; and that the amount thereof does not exceed one per cent of the consolidated annual turnover of the Company as reflected in the audited annual accounts for the most recent financial year closed as of the date of the transaction in question.

Article 9. Duty to Report Related-Party Transactions to the Unit

1. Without prejudice to the provisions of the preceding article, and except as expressly permitted by the Unit, persons subject to conflict of interest rules must report in writing the Related-Party Transactions they have engaged in through a notice sent to the director of the Unit. Such notice must be sent on a half-yearly basis, within the first week of January and July of each year.
2. The notice must include the following information, as applicable: the nature of the transaction; the date on which the transaction originated; the conditions and periods for payment; the name of the person who carried out the transaction and the relationship, if any, with the person subject to conflict of interest rules; the amount of the transaction; and any other aspect that allows for a proper assessment of the transaction, such as pricing policies, warranties given and received, and particularly information that allows for verification that it has been made under arm's length conditions.
3. To that end, the director of the Unit shall send a half-yearly notice to the persons subject to conflict of interest rules requesting the appropriate information that must be sent to the Company.

Article 10. Register of Related-Party Transactions

1. The Unit shall maintain a register of Related-Party Transactions. The information set forth in such register shall also be made available to the Finance and Resources Division when it so requests, and in any case on a half-yearly basis.
2. The transactions making up the aforementioned register shall be made public in the events and with the intended scope required at any time by applicable legal provisions.

This *Procedure* was initially approved by the Board of Directors on 29 November 2000 and was last amended on 19 December 2017.