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REGULATION OF THE DIRECTORATE OF COMPLIANCE OF IBERDROLA MÉXICO, S.A. DE C.V.

July 18, 2019



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TITLE I. NATURE AND PURPOSE

Article 1.- Nature and Purpose

1. The Board of Directors of Iberdrola México, S.A. de C.V. (the “**Company**”) approves this regulation (the “**Regulation**”) of the Compliance Directorate (the “**Compliance Directorate**”).
2. The Compliance Directorate is configured as an independent internal area, linked to the Audit, and Compliance Committee, responsible for proactively ensuring the effective operation of the Company's Compliance System, pursuant to the provisions of the Corporate Governance System, for which it has attributed broad powers, budgetary autonomy, and independence of action.
3. The Compliance System of the Company is made up of all the norms, procedures, and actions that are intended to prevent conduct in violation of ethics, applicable regulations or the Corporate Governance System that may be committed by professionals of the Company within the organization; as well as guaranteeing their performance per ethical principles and applicable regulations.
4. The Compliance Directorate shall be governed by the provisions of this Regulation and other regulations that make up the Corporate Governance System of the Company.

TITLE II. COMPOSITION

Article 2.- The Compliance Director

1. The head of the Compliance Directorate shall be its director (the "Compliance Director"), who shall possess the necessary powers to perform their duties.
2. The appointment and removal of the Director of Compliance correspond to the Board of Directors of the Company, thereafter a report from the Audit and Compliance Committee.
3. The Compliance Director must have the appropriate knowledge, skills, and experience to carry out the functions assigned to perform.
4. The Compliance Director shall be responsible for the operation of the Compliance Directorate and budget exercise; they shall be responsible for executing the corresponding measures and action plans, and ensuring that the Compliance Directorate proactively fulfills its functions.
5. It shall be the responsibility of the Compliance Director to establish the structure of the Compliance Directorate, under the principles of independence and efficiency in management, and it is the responsibility of the Audit and Compliance Committee to ensure that it has the necessary human and material resources to fulfill its functions.
6. Neither the Compliance Director nor the other members of the Compliance Division may be members of the Company's Board of Directors.

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TITLE III. THE DIRECTORATE OF COMPLIANCE OFFICE

Article 3.- The Directorate of Compliance Office

1. The Compliance Directorate shall have the support of a multidisciplinary office (the “Office”), composed of the Director of Compliance, who shall be responsible for presiding over it, and by representatives of the areas or functions of the Company that have assigned responsibilities in related fields with the Compliance System.

2. The Office shall be composed of a representative from the following areas or functions of the Company:

- a) Corporate Governance;
- b) Tax;
- c) Protection of personal data;
- d) Labor risk prevention;
- e) Environment, and
- f) Asset Management

3. Through the Office, the Compliance Director:

a) Shall ensure that each of the areas represented knows and is aware of the potential risks in the exercise of daily functions in each of these areas, and shall ensure that the areas of significant risk have a representative in the Office.

b) Identify those areas of compliance risk whose management and control may be attributed to more than one function of the Group, formed by the Company and its subsidiaries in Mexico, making recommendations and proposals to avoid unjustified duplication.

c) Promote the exchange of best practices in compliance within the Group, formed by the Company and its subsidiaries in Mexico and, in particular, between the functions represented in the Office.

d) Shall be informed about the main actions carried out by the areas or functions represented in the Office, in their respective fields of action, concerning: risk analysis, rules, and internal procedures adopted for the management of mentioned risks, communication activities and training, detection activities and remediation measures implemented.

e) Shall receive periodic information on the possible incidents that occur in the area of responsibility of each of the functions represented.

f) Shall receive the necessary information from the various functions so that the Compliance Directorate can incorporate it into the annual report on the effectiveness of the Compliance System.

g) Obtain advice on those other aspects that the Compliance Directorate may request for the proper exercise of its functions.

4. The areas or functions that are part of the Office must designate, each, at least one representative, with sufficient experience and knowledge about the functions and activities carried out by the area it represents. Representatives may promptly delegate attendance at a meeting of the Office to another

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person. At all times, the Compliance Directorate shall identify the areas or functions with areas of compliance risk, other than those described in the previous sections of this article, and may propose their participation in the Office to the Board of Directors.

TITLE IV. FUNCTIONS

Article 4.- Functions of the Compliance Directorate

1) The Compliance Directorate shall have the following main functions:

a) Promote the dissemination, knowledge, and compliance of the *Code of Ethics* of Iberdrola, S.A. (the "**Code of Ethics**") adopted by the Company and the rules and procedures for compliance and fraud prevention.

b) Monitor the operation, effectiveness, and compliance of the Crime Prevention Policy, anti-corruption fraud policy, as modified from time to time, and control the implementation, development, and compliance of programs for the prevention of crime, both in the Company and in its subsidiaries that do not have their own compliance address, and that are not invested through a company that has its own compliance address, without prejudice to the responsibilities that correspond to other organs.

c) Promote a preventive culture based on the principle of "*zero tolerance*" towards committing illicit acts and situations of fraud and on the application of the principles of ethics and responsible behavior of all professionals of the Company and its subsidiaries, with independence of their hierarchical level and the country in which they work.

d) Review the internal procedures of the Company and its subsidiaries to verify their effectiveness in preventing misconduct and identify possible procedures that are more effective in promoting the highest ethical standards.

e) Manage the ethical mailbox (the "**Ethical mailbox**") and the suppliers' ethical mailbox (the "**Ethical mailbox of the suppliers**") of the Company and its subsidiaries (jointly, the "**Ethical mailboxes**") and carry out the corresponding investigation files, promoting the procedures for verifying and investigating the complaints received and issuing the appropriate resolutions on the files processed.

f) Promote the preparation and implementation of appropriate training programs, both in-person and online or by any other method that is appropriate for the professionals of the Company in the duties imposed by the *Code of Ethics* and the *Policy for the prevention of crimes, policy against corruption and fraud*, as well as the applicable legislation, with sufficient periodicity to guarantee the updating of knowledge in this area. In particular, the professionals of the Company shall receive training on the *Code of Ethics and the Policy for the prevention of crimes, policy against corruption and fraud*, with emphasis on corruption and responsibility, as well as on those legal and regulatory obligations specifically applicable to its function.

g) Establish the necessary tools to ensure the constancy and registration of the actions that make up the Compliance System of the Company.

h) Evaluate annually the effectiveness of the Compliance System of the Company and the head companies of the businesses dependent on it, in collaboration with the different compliance

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directorates, and prepare a report with the results of said evaluation. The report shall be submitted to the Audit and Compliance Committee of the Company to obtain its opinion and this shall be transferred to the Board of Directors for its information. The Compliance Director shall send a copy of said report to the compliance director of Iberdrola, S.A. for the purposes that may apply.

i) Evaluate, at least once a year, the compliance and effectiveness of the Program for the prevention of crimes committed by the Company and assess the suitability of its modification.

j) Ensure the proper coordination of the compliance systems implemented by each of the compliance directorates of the parent companies of the business, promoting the exchange of best practices and the approval of standards that promote that these companies have systems of homogeneous, sound, comprehensive, and effective compliance.

2. For these purposes, the Compliance Directorate shall be responsible for drafting, approving, keeping permanently updated and ensuring the application of the procedures it deems necessary or convenient for crime prevention and the fight against corruption and fraud within the Company and its subsidiaries.

3. The Compliance Directorate and its Director shall also have those other powers, of a singular or permanent nature, that may be assigned by the Company's Board of Directors, or attributed to them by the bylaws or the remaining corporate governance rules of the Company.

The provisions of the article herein shall be understood in any case without prejudice to the powers attributed to the compliance directorates of their parent companies of the dependent businesses.

Article 5.- Relations of the Compliance Directorate with the Iberdrola Compliance Unit (“Iberdrola”) and with the compliance directorates of the parent companies of the businesses

1. The Compliance Directorate shall act in coordination with the Iberdrola Compliance Unit, respecting the provisions of the General Protocol for coordination, collaboration, and information.

2. To guarantee the effectiveness of the Group's Compliance System formed by the Company and its subsidiaries in Mexico and without prejudice to the responsibilities attributed to the management bodies of the parent companies of the parent companies through the Company, the Compliance Directorate shall coordinate its performance with the compliance addresses of said companies.

TITLE V. RESOURCES, BUDGET, ANNUAL PLAN OF ACTIVITIES, AND DUTIES, AND POWERS

Article 6.- Material and Human Resources

1. The Compliance Directorate shall have the necessary material and human resources to carry out its functions.

2. The Audit and Compliance Committee shall ensure that the Compliance Directorate has the necessary resources to guarantee its independence and effectiveness.

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Article 7.- Budget

1. Prior to the beginning of each fiscal year, the Compliance Directorate, at the proposal of the Compliance Director, shall submit to the Audit and Compliance Committee the draft budget for the development of its activities during the following fiscal year.
2. Once validated by the Audit and Compliance Committee, the draft budget shall be submitted to the Board of Directors for final approval.

Article 8.- Annual Plan of Activities

Prior to the beginning of each fiscal year, the Compliance Directorate, at the proposal of the Compliance Director, shall submit to the Board of Directors, for its approval, an annual plan of activities for the following year, per the provisions of the corporate governance regulations of the company.

Article 9.- Powers and Advice

1. The Compliance Directorate, through the Compliance Director and provided that the applicable legislation allows it, shall have access to the information, documents, and offices of the administrators and professionals of the Company and its subsidiaries, including the minutes of the administrative bodies, supervision, and control, which were necessary for the proper exercise of their functions. In this regard, all professionals and administrators of these companies must provide the Compliance Directorate with the collaboration required for the proper exercise of their functions.
2. Likewise, the Compliance Directorate may request, from the Company, the collaboration or advice of external professionals, who must send their reports directly to the Compliance Directorate.
3. To the extent possible and provided that this does not affect the effectiveness of its work, the Compliance Directorate shall seek to act transparently, informing the administrators and professionals concerning the object and scope of its actions whenever possible and deemed appropriate.

Article 10.- Duties of the members of the Compliance Directorate

1. The members of the Compliance Directorate must act independently of criteria and action with respect to the rest of the organization and carry out their work with diligence and professional competence.
2. The members of the Compliance Directorate shall keep their deliberations and agreements in secret and, in general, shall refrain from revealing the information, data, reports or background to which they have access in the exercise of their position, as well as using them either for their benefit or third parties, without prejudice to the applicable transparency and information obligations. The obligation of confidentiality of the members of the Compliance Directorate shall remain even when they have ceased their position.

TITLE VI. PROCESSING OF INFRINGEMENT INVESTIGATIONS

Article 11.- Initiation of investigations for infractions

1. The Compliance Directorate shall be competent to investigate potential breaches of the Corporate Governance System, including, in particular, the rules of action of the Code of Ethics, or where appropriate the Code of Ethics in relation to suppliers, as well as conduct that may involve the commission of any irregularity or of any act in violation of the law, with significance in the professional functions of the author of the breach within the Company, in the contractual relationship with the suppliers or in the interests and image of the Company.
2. The Compliance Directorate may initiate an investigation in case of becoming aware of facts or circumstances that may constitute a breach or irregularity of those described in the previous section, either ex officio, or by agreement of the Director of Compliance, or, for a complaint received through the Ethical Mailboxes or by any other means.
3. The principles, norms of action, and guarantees set forth herein shall apply to any file on infractions that are processed by the Compliance Department, regardless of its mean of initiation.
4. When the infractions aforementioned in paragraph 1 affect another parent company of the business, or one of its professionals or suppliers, the competent authority to investigate them shall be the Compliance Directorate of the affected company.

Article 12.- Creation of the Ethical Mailboxes

1. The Company shall create an Ethical Mailbox to promote compliance with the legality and rules of conduct of the Code of Ethics. The Ethical Mailbox is a transparent channel for communicating, by professionals of the Company and its parent companies, behaviors that may involve the commission of any irregularity or any act contrary to the law or the rules of action of the Code of Ethics. Communications addressed to the Ethical Mailbox may be sent by filling in an electronic form that shall be available from the Company.
2. The Company shall also create an ethical mailbox of the suppliers as a communication channel for the suppliers, the third parties that they hire in turn to provide services or deliver supplies to the Company, their respective employees, as well as the third parties that have attended to a tender for services or supplies to be suppliers of the Company, may communicate conducts that may imply a breach by a professional of the companies belonging to the group whose dominant entity, from a legal standpoint, is Iberdrola, S.A. (the "Group"), of the Corporate Governance System or of any act in violation of the legality or commission by a supplier, by one of its subcontractors or by their respective employees, of any act in violation of the law or the provisions of the Code of Ethics regarding suppliers, which is part of the Purchasing Policy, in the framework of its commercial relationship with the Company or its subsidiaries. Suppliers and their subcontractors may also use the Supplier Ethics Mailbox to make inquiries or suggestions regarding the Code of Ethics for suppliers.

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Article 13.- Management of Ethical Mailboxes

1. The management of the Ethical Mailbox and the Ethical Mailbox of the Company's suppliers corresponds to the Compliance Dictatorate.
2. In fulfilling this function, the Compliance Dictatorate must respect the norms and informative principles established for this purpose in the Code of Ethics.

Article 14.- Admission to the processing of complaints

1. Once a complaint has been received in any of the Ethics Mailboxes, the Compliance Dictatorate shall determine whether or not to proceed with it.
2. The Compliance Directorate shall inform the Audit and Compliance Committee of the Company the irregularities of potential importance, exclusively financial and accounting, that are communicated through the Ethical Mailboxes and shall provide as much documentation as requested.
3. The Compliance Directorate shall not process any complaint that is unfounded or credible, in which the requirements relating to the protection of personal data are not met or, notoriously, the action subject to the communication does not constitute a breach of the System Corporate Governance or conduct that may involve the commission of any irregularity or any act contrary to the law or the rules of action of the Code of Ethics in relation to suppliers, with significance in the professional functions of the author of the breach within the Company or of the Group, in the contractual relationship with the suppliers or in the interests and image of the Company or the Group.
4. To elucidate the admission to the process of the complaint, if it deems it appropriate, the Compliance Directorate may require the person who has made the communication to clarify or elaborate it, providing that documentation and/or data that may be necessary to prove the existence of irregular conduct.

Article 15.- File Processing

1. Once the complaint is admitted for processing, the Compliance Directorate shall carry out the corresponding investigation and process the file, being able to count on the collaboration of external consultants if necessary. In the event that the complaint is directed against any member of the Compliance Directorate, the latter may not participate in its processing. If the complaint affects any member of the Board of Directors, the Director of Compliance shall inform the secretary of the Board of Directors for the purpose of assisting them in the processing of the file and, in particular, in the selection of the instructor who, as a guarantee of independence, shall be a person external to the Group.
2. The Compliance Directorate shall verify the veracity and accuracy of the information contained in the complaint and, in particular, of the reported behavior, concerning the rights of those affected. For these purposes, it shall process the hearing of all those affected, as well as witnesses and shall practice as many procedures as it deems necessary. All professionals are required to collaborate loyally in the investigation. The intervention of witnesses and affected parties shall be strictly confidential.
3. The investigation shall be carried out per the provisions of the Investigation Manual adopted or approved by the Compliance Directorate and all affected parties shall be informed about the

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processing of their data, as well as to comply with any other required duty by the legislation on protection of personal data.

4. In any investigation, the rights to privacy, defense, and presumption of innocence of the investigated persons shall be guaranteed and all necessary measures shall be taken to avoid any reprisals against the complainant. The Company undertakes not to incur in any form of retaliation, directly or indirectly, against professionals who have reported an irregular action that could be investigated by the Compliance Directorate, unless they had acted in bad faith.

5. The Compliance Directorate may, at any time during the procedure, seek the advice and collaboration of the Human Resources Directorate, the Legal Services Directorate or the Purchasing Directorate, or who, in each case, is the interlocutor of purchases of the corresponding Group company, in order to determine the consequences and form of action with respect to any complaint.

Article 16.- File Resolution

1. Once the file is processed, the Compliance Directorate shall issue the resolution stating grounds which may be applicable.

2. In the event that the resolution issued concludes that a professional has committed any irregularity or any act in violation of the law or to the applicable rules of action specifically addressed to the professionals of the Company and its subsidiaries, it shall be transferred to the Directorate of Human Resources for the application of the appropriate disciplinary measures, whose adoption and content shall inform to the Compliance Directorate. If it is an irregularity or any act contrary to the law or the rules of the Corporate Governance System that affects a member of the Board of Directors, the Compliance Directorate shall transfer the resolution issued to the Audit and Compliance Committee of the Company through the Secretary of the Board of Directors for the application of any of the measures provided for in the corporate governance regulations, whose adoption and content shall be reported to the Compliance Directorate.

3. In the event that the resolution issued concludes that a supplier has committed any irregularity or any act in violation of the law or the rules of action of the Code of Ethics in relation to suppliers, the Compliance Directorate shall transfer to the Purchasing Directorate of the Company, for the exercise of the appropriate contractual rights, informing thereof to the Compliance Directorate.

4. When, as a result of the file, the possible exercise of legal actions is revealed, the Compliance Directorate shall transfer the proceedings to the Directorate of Legal Services to initiate the relevant administrative or judicial actions in each case, which must be informed to the Compliance Directorate.

5. When the irregularity or non-compliance could have a material impact on the financial statements or internal control of the Company, the Compliance Directorate shall inform thereof to the Internal Audit Directorate.

Article 17.- Protection of Personal Data

1. The transfer of personal information through the Ethical Mailboxes may require, in certain cases, depending on the object of the complaint and the applicable regulations, the need to obtain the express and unequivocal consent for the processing of the personal data of the person who has made the

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communication or complaint, as well as the respondent. To this end, the necessary mechanisms shall be enabled to obtain the consent that, where appropriate, is necessary prior to the start of the proceedings, in the terms required by the legislation on protection of personal data.

2. In general, the respondent shall be informed of the existence of a complaint at the time at which the investigation proceedings are initiated. However, in those cases where there is a significant risk that such notification jeopardizes the ability to effectively investigate the allegation or gather the necessary evidence, the notice to the respondent may be delayed while such risk exists.

3. People who file a communication or complaint through the Ethical Mailboxes must ensure that the personal data provided is true, accurate, complete, and updated.

4. The data subject to processing in the framework of the investigations shall be canceled once they have been completed unless administrative or judicial procedures are derived from the measures adopted. Notwithstanding the foregoing, the Company shall keep the aforementioned data duly blocked during the periods in which the complaints or actions carried out by the Company could lead to responsibilities.

5. Users of the Ethical Mailboxes may at any time, under the applicable legislation in each case, exercise the rights of access, rectification, cancellation, and opposition with respect to their personal data through written communication to the registered office of the Company, complying with the established requirements by the legislation in force at all times and indicating the specific right they wish to exercise.

TITLE VII. MODIFICATION, COMPLIANCE, AND INTERPRETATION

Article 18.- Modification

1. Any modification to this Regulation must be approved by agreement of the Board of Directors.
2. The Compliance Directorate may propose to the Board of Directors of the Company to change this Regulation.

Article 19.- Compliance

The Compliance Director shall have the obligation to ensure compliance with this Regulation.

Article 20.- Interpretation

This Regulation shall be interpreted pursuant to the Corporate Governance System of the Company.