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CORPORATE BY-LAWS IBERDROLA MÉXICO, S.A. DE C.V.

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**CORPORATE BY-LAWS
IBERDDROLA MÉXICO, S.A. DE C.V.**

Preamble

This Preamble establishes is an integrating part of the *Corporate B-Laws* of Iberdrola México, S.A. de C.V. (the “**Company**”), inspiring its contents and serving as the basis for interpreting, implementing and developing them.

The Company is part of an international company group of which Iberdrola, S.A. (“**Iberdrola**”) is the listed parent holding company (the “**Group**”), the decentralised structure of which ensures a clear separation of functions and responsibilities, in accordance with a business model aimed at maximising the value of the Group’s business as a whole in the interest of the companies that constitute the Group.

On this basis, the Company is the *subholding* of the Group in Mexico, being responsible of the organization, surveillance and strategic coordination regarding all the other head companies of the businesses in which it participates, always respecting the necessary corporate autonomy, for the day-to-day running and effective management of the business that constitutes its corporate purpose and the consequent responsibility for its day-to-day control.

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

Furthermore, the Company shares the Iberdrola corporate interest in creating sustainable value for all its shareholders, taking into consideration and involving the other stakeholders related with the corporate activity and the institutional status of the Iberdrola Group, involving them in the social dividend generated by its activities, particularly by means of contributing to the achievement of Sustainable Development Goals (SDGs) adopted by the United Nations.

To the extent to which they may apply to them, these *By-Laws* of which this Preamble forms a part, govern the actions of the Company's governing bodies, senior executive employees and other professionals, who are bound both to comply with them and to enforce their compliance.

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TITLE I. GENERAL PROVISIONS

Article 1. Company Name and Nationality

1. The company name is “Iberdrola México” and it shall always be followed by the words “*Sociedad Anónima de Capital Variable*” or its abbreviation, “S.A. de C.V.” (the “**Company**”).
2. The Company is a Mexican corporation. Any foreigner that upon its constitution or in any further moment acquires any interest or social participation in the Company, shall be considered as Mexican regarding any of the foregoing, and it is understood that such person agrees not to invoke the protection of its government, under the penalty, in case of breach of his or her agreement, of losing said interest or participation for the benefit of the Mexican nation

Article 2. Domicile

The domicile of the Company is Mexico City, Mexico, being authorized to open any branches, agencies, offices, premises, terminals and to perform any transactions in any other part of the Mexican Republic or abroad, and to agree conventional domiciles, without it being understood that its registered office has been changed.

Article 3. Corporate Purpose

1. The purpose of the Company is:
 - a) Promote, incorporate, organize, exploit and participate in the capital stock or equity of any type of commercial or civil corporations, associations or companies, whether industrial, commercial or service nature, as well as to participate in their management or liquidation.
 - b) Rendering any type of services related with the generation, transportation, transformation and conveyance of electric energy, according to the legal applicable provisions.
 - c) Rendering any type of services related with the design, construction, operation, maintenance, engineering and management of any type of works and premises necessary for the generation, transportation, transformation and conveyance of electric energy, according to the applicable legal provisions.
2. For the pursuance of its purpose, the Company shall be authorized to:
 - a) Acquire under any legal title, any shares, interests, participations or stock in any type of commercial or civil corporations, whether by participating in their incorporation or through future acquisition, as well as to convey, dispose and negotiate such shares, participations and stock, including any other valuable title.
 - b) Receive from other companies and individuals, as well as to render or lend to other companies and individuals, any service required for the pursuance of its goals or corporate purposes, including, among others, any administrative, financial, treasury, auditory, marketing, elaboration of balances and budgets, elaboration of programs and handbooks, analysis of operation results, evaluation of information on productivity and possible financing sources, elaboration of studies regarding the availability of capital, technical assistance, or counselling services.

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- c) Render any type of technical, operative, counselling, assistance, labour, human resources and high direction (excluding the rendering of legal services) services, to any companies that create, transport, transform or convey electric energy or that build, operate, maintain or manage works or premises for such purposes, and to any type of companies or individuals, according to the applicable legal provisions.
- d) Render any type of services in favour of third parties, regarding the planning, management, direction, coordination, supervision, performance and good running of operations, as necessary to fulfil their purposes, such as administrative, financial, treasury, auditory, marketing, elaboration of balances and budgets, elaboration of programs and handbooks, analysis of operation results, evaluation of information on productivity and possible financing sources, elaboration of studies regarding the availability of capital, sales promotion and marketing services, among others.
- e) Execute any type of commercial actions, being authorized to acquire or sell any type of articles and merchandises related with its corporate purpose.
- f) Require, obtain, acquire, register, convey, transfer, use, assign, grant and dispose under any title, any patents, invention certificates, brands, commercial names, industrial secrets, copyrights, licences, concessions and any other type of industrial property, whether in the Mexican Republic or abroad.
- g) Obtain any type of loan or credit, issue obligations, bonds, notes and any other negotiable instrument, with or without specific guaranty, including pledge, mortgage, trust or any other guaranty, and grant any type of financing or loans to companies or corporations and institutions with whom the Company has any business relationship, or in which the Company holds any interest in the capital stock, receiving or not any specific guaranty or personal guaranty.
- h) Granting any type of guaranties in order to secure obligations or debt instruments, whether own or of any companies, associations and institutions with whom the Company has any business relationship or in which the Company holds any shares, stock or any other participation in the capital stock, acting as guarantor and/or endorsee and/or *aval* of those companies or of any third party; including the authority to act as joint obligor.
- i) Subscribe, issue, draw and warrant any type of negotiable instruments, as well as to accept them and endorse them, including obligations with or without guaranty or mortgage.
- j) Perform by itself or through any third party, training and development programs, as well as investigation works.
- k) Acquire in property or lease any type of assets or real estates, as well as including any real or personal rights over them, as deemed necessary or convenient for its corporate purpose or for the execution of transactions or corporate purposes of the commercial or civil companies, associations and institutions in which the Company has any interest or participation, of any nature whatsoever.
- l) Act as commission agent, mediator, distributor or intermediary, and accept to act as representative in any negotiation or other activities.
- m) Promote, request and obtain any type of permits, concessions, licences, registries and authorizations before any Ministry, and before any type of authorities and governmental agencies, whether federal, local or municipal, regarding the purpose of the Company.

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n) In general, execute any actions and transactions, related, ancillary or incidental, that are deemed necessary or convenient for the pursuance of the aforementioned purposes.

Article 4. Term of the Company

The term of the Company shall be unlimited.

Article 5. Fiscal Year

1. The fiscal year of the Company shall run from the first day of January until December thirty one of each year, but for the first fiscal year of the Company, which will begin as of the incorporation of the Company and will run until December thirty one of the corresponding year.

2. In the event the Company is liquidated or merged, its fiscal year shall end upon the date of its liquidation or merger, and it shall be considered that there is a fiscal period during the time in which the Company is under process of liquidation, having to be consistent with the applicable tax provisions.

Article 6. The Company within the Iberdrola Group

1. The Company is the *subholding* company of the in Mexico. It is part of the decentralized corporate structure of the Group as *subholding*, for organizing, supervise and perform strategic coordination activities with the other head companies of the business in which it participates, contributing to the global integration of all those companies within the Group and the business model.

2. To such regards, the Company shall be responsible of implementing in Mexico, the contents of the politics, strategics and general management guidelines established by Iberdrola as holding company of the Group, promoting and supervising their implementation, always respecting the necessary autonomy of the ordinary direction and effective management of each of the businesses of the head companies of the business in which it participates, always respecting the applicable legal provisions.

Article 7. Corporate interests

The Company, as the *subholding* company of the Group in Mexico, and Iberdrola, share the concept of corporate interest as the common interest of all shareholders of a corporation incorporated under the independent applicable laws, aimed at creating sustainable value by undertaking the activities set out in the corporate purpose, considering the other stakeholders related with the business activities of the Company and its institutional reality, in accordance with the *Purpose and Values of the Iberdrola Group* and the commitments taken on under its *Code of Ethics*.

Article 8. Social Dividend

1. The pursuit of the activities indicated in the social purpose, particularly, the Company's innovation and digital transformation strategy must be directed towards creating sustainable value, in accordance with the *Purpose and Values of the Iberdrola Group* and the commitments taken on under its *Code of Ethics*.

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2. The Company, as the *subholding* company of the Group in Mexico, contributes to the social dividend of the Group, to be understood as the contribution of direct, indirect or induced value that the pursuit of its activities represents for all stakeholders, especially its contribution to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations.

Accordingly, the Company shall collaborate with the Iberdrola México Foundation to, directly or indirectly through any head businesses and affiliates of the head businesses, promote and pursue activities related with sustainable development policies in México, by the execution of the corresponding cooperation agreements.

3. The Company's performance in social, environmental and sustainability areas, in addition to the social dividend generated and shared with its stakeholders, constitute the Company's non-financial information that it will ensure is publicly disseminated among these stakeholders.

Article 9. Applicable regulations. Corporate Governance System and Compliance System

1. The Company will be governed by the legal provisions applicable to it, as well as by the Corporate governance system set up by its governing bodies in the exercise of their corporate independence.

2. The Corporate governance system constitutes the internal rules of the Company. It is made up of these *By-Laws, the Purpose and Values of the Iberdrola Group and its Code of Ethics*, as well as corporate policies and governance regulations and compliance with the regulations that apply to the Group as a whole, which have been approved by the Board of Directors of Iberdrola Mexico in its capacity as a *holding* thereby, and as adopted by the Company, incorporating them into its Corporate governance system.

3. The Company's governance system is inspired on and responds to the *Purpose and Values of the Iberdrola Group*, which define the ideology and value system of its business plan. Given its size and importance, the latter constitutes the central reference point for a host of stakeholders and the social and economic environment in which the entities that make up the group pursue their activities.

4. The 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.

5. Complete or summarised versions of the regulations that make up the Corporate governance system can be viewed on the Company's corporate website.

6. In addition, the Company has a Compliance system that is aimed at preventing and managing the risk of non-compliance with regulations, ethical standards or the Corporate governance system, and to aid in the complete fulfilment of the Purpose and Values of Iberdrola group and corporate interest.

Article 10. Stakeholder Relations, Corporate Website, Presence on Social Media and Digital Transformation

1. The Company, as the *subholding* company of the Group in Mexico, contributes to involving stakeholders in its activities, in accordance with a policy based on the principles of responsibility,

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transparency, active listening, participation, consensus, cooperation and continuous improvement, which enables it to take into account all their legitimate interests. Moreover, it is the Company's responsibility to effectively disseminate information on its activities.

2. The Company's corporate website, its presence on social media and, in general, its digital innovation strategy contributes to the Group's digital communication strategy, which seeks, among other aims, to encourage the involvement of all its stakeholders, reinforce their sense of belonging and enhance the institutional significance of the Iberdrola brand, thereby favouring the development of the Group businesses and their digital transformation.

3. By promoting the accessibility of its corporate website, the Company attests to its commitment to transparency and engagement with its various stakeholders and society in general, which in turn serves as a basis for generating credibility and mutual trust.

TITLE II. CAPITAL STOCK

Chapter 1°. Capital Stock Structure

Article 11. Capital Stock

1. The capital stock of the Company shall be variable. The minimum fixed capital stock is the amount of \$50,000.00 (Fifty thousand pesos 00/100 Mexican currency), represented by 50,000 (fifty thousand) ordinary, nominative shares class I, fully subscribed and paid, with no par value. The variable portion of the capital stock is unlimited and shall be represented by ordinary, nominative shares class II, with no par value, and shall have those characteristics determined by the General Shareholders' Meeting approving its issuance. Shares shall grant their holders the same rights and obligations.

2. The provisional certificates or definite share titles can represent one or more shares and will be signed by the Chairman of the Board of Directors and by another member of the Board of Directors, which signatures can be printed in facsimile, pursuant to the provisions of article 125 section VIII of the General Law of Commercial Corporations. Such certificates or titles must comply with all the other requisites established in article 125 of the General Law of Commercial Corporations and can include numbered nominative coupons in order to evidence the payment of dividends and shall include the provisions of this article.

3. The holding of shares by any shareholder entails the total agreement with the corporate governance System of the Company, and the duty of respect and compliance with all the resolutions of the government bodies of the Company, as adopted pursuant to the applicable laws and the corporate governance System.

Article 12. Shareholders' Registry Book

Pursuant to the provisions of article 129 of the General Law of Commercial Corporations, the Company shall keep, directly or through any third party, a shareholders' registry book, in which it shall record all the subscription of shares representative of the capital stock, having to identify the subscriber and the previous owner, as well as the identity of any assignee or acquiror.

Chapter 2°. Variations to the Capital Stock

Article 13. Variations to the Capital Stock

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Any amendment to the structure of the minimum fixed capital stock of the Company must be approved by resolution of the General extraordinary Shareholders' Meeting and shall require the amendment to the Corporate By-Laws. Any amendment to the variable portion of the capital stock can be approved by resolution of the General ordinary Shareholders' Meeting, the foregoing pursuant to the applicable laws.

TITLE III. CORPORATE GOVERNMENT

Chapter 1°. General Shareholders' Meeting

Article 14. Type of General Shareholders' Meetings

1. General Shareholders' Meetings shall be extraordinary or ordinary.
2. Shall be General extraordinary Shareholders' Meetings those called to resolve any of the matters included in article 182 of the General Law of Commercial Corporations. All the other General Shareholders' Meetings shall be ordinary.

Article 15. Calls

1. Any call to a General Shareholders' Meeting must be done by the Board of Directors or the statutory auditor, whenever deemed as convenient or whenever it is mandatory to call to a meeting pursuant to the applicable provisions of the General Law of Commercial Corporations.
2. In any event, the shareholders representing at least 33% of the capital stock of the company duly subscribed and paid, shall be entitled to request at any moment the Board of Directors or the statutory auditor to call a General Shareholders' Meeting in order to discuss any of the matters detailed in the corresponding request.
3. If such call is not made within fifteen days following to the request date, then a civil or district judge of the domicile of the Company, shall call the meeting upon request of the shareholders representing such 33% of the capital stock of the company, who shall evidence such stockholding with their corresponding share certificates.

Article 16. Calling of Meetings

1. Meetings shall be called by the board of directors or by the sole administrator, as applicable, or by the statutory auditor of the company or any judicial authority, through call duly published in the electronic system provided by the Ministry of Economy, at least three (3) days prior to the date of the meeting, having to include the agenda of the meeting and signed by the person calling the meeting. The calls shall include the agenda and shall be signed by the person or persons calling the meeting. If the meeting is called by the Board of Directors, then it shall only be necessary to include the signature of the secretary or vice-secretary of such body, or of the delegate appointed by the Board of Directors from those among its members. General Shareholders' Meetings can be held without need of prior call in the event all the shares representative of the capital stock is duly represented at the moment of voting.
2. If at any General Shareholders' Meeting, whether ordinary or extraordinary, there are gathered all the shareholders, then such General Shareholders' Meeting can unanimously resolve any matters, regardless their nature, even those not included in the agenda.

Article 17. Evidencing shareholder status

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Shall be admitted to participate in any General Shareholders Meeting those shareholders duly recorded in the shareholders' registry book as holding one or more shares three days prior to the date of the General Shareholders' Meeting or those who evidence their shareholder status with any other legal mean.

Article 18. Representation in the General Shareholders' Meeting

1. Shareholders can be represented in any General Shareholders' Meeting by the person or persons appointed in a proxy duly executed before two witnesses.
2. The members of the Board of Directors and the statutory auditors cannot represent any shareholder at any General Shareholders' Meeting.

Article 19. Minutes of the General Shareholders' Meetings

The minutes of the General Shareholders' Meetings shall be registered in the corresponding minutes' book and shall be signed by the chairman and secretary of the General Shareholders' Meetings, as well as by the statutory auditors present at the meetings.

Article 20. Chairman of the General Shareholders' Meetings

1. The General Shareholders' Meetings shall be chaired by the chairman of the Board of Directors; in the event of his absence, by the vice-president, if applicable. If none of the foregoing are present, the General Shareholders' Meetings shall be chaired by the person appointed by the majority of votes by those shareholders present at the meeting. The secretary of the General Shareholders' Meetings shall be the secretary of the Board of Directors, and if absent at the meeting, the vice-secretary shall act as secretary; if none of them are present, then it shall be secretary the person appointed by majority of votes of those shareholders present at the meeting.
2. The chairman of the General Shareholders' Meetings shall comply with the resolutions adopted in any General Shareholders' Meeting without need of any special resolutions to that effect.

Article 21. Matters to be discussed by the General Shareholders' Meetings.

1. The General ordinary Shareholders' Meetings shall be held at least once a year, within the four months following to the closing of each fiscal year. Additional to the matters included in the agenda, they shall:
 - a) Discuss, approve or amend and adopt any resolution regarding the report of the Board of Directors, the financial situation of the Company and any other accounting documents, including the report of the statutory auditor, pursuant to the provisions of article 172 of the General Law of Commercial Corporations.
 - b) Appoint the members of the Board of Directors and the statutory auditor of the company, determining their consideration, which shall be charged against the expenses of the administration of the Company.
 - c) Resolve the application of profits, if any.

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2. When approving the annual accounts, the General Shareholders' Meeting shall take note of the non-financial information of the Company and that of its direct or indirect dependent companies, approved by the Board of Directors of the Company for its incorporation in the consolidated statement of non-financial information of Iberdrola.
3. The General extraordinary Shareholders' Meeting shall gather whenever it is required to discuss any matter of its competence.

Article 22. Quorum of the General Shareholders' Meetings.

1. In order for a General ordinary Shareholders' Meeting be considered as legally installed in first call, there shall be duly represented at least 51% of the shares representative of the capital stock and its resolutions shall be valid if adopted by the majority of votes of the shares represented thereby.
2. In the event of second call, the General ordinary Shareholders' Meeting can be legally held without regards to the number of shares represented at the meeting, and its resolutions shall be valid if adopted by the majority of votes of the shares represented thereby.
3. In order for a General extraordinary Shareholders' Meeting be considered as legally installed in first call, there shall be duly represented at least 75% of the shares representative of the capital stock, and its resolutions shall be valid if adopted by the favourable vote of at least 50% of the shares representative of the capital stock.
4. In the event of second or ulterior call, the General extraordinary Shareholders' Meeting can be duly held if at least 50% of the shares representative of the capital stock are duly represented in the meeting, and its resolutions shall be valid if adopted by the favourable vote of at least 50% of the shares representative of the capital stock.

Article 23. Resolutions adopted outside any General Shareholders' Meeting

Pursuant to the provisions of article 178 of the General Law of Commercial Corporations, any resolution adopted by the shareholders without holding a General Shareholders' Meeting shall be considered as valid as those adopted in a duly convened General Shareholders' Meeting, provided those resolutions are adopted by all the shareholders with right to vote and are ratified in writing.

Chapter 2°. Board of Directors

Section 1ª. General Provisions

Article 24. Structure of company management and representation

1. The management of the Company is assigned to a Board of Directors, which may delegate any or all of its powers than can be legally and statutorily delegated to a chief executive officer.

The Board of Directors may also set up other committees or internal commissions, as deemed convenient and with consultative or advisory functions or for compiling reports or drafting proposals, as determined by the Board of Directors itself, and it can permanently establish an Audit and Compliance Commission.

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2. The Company's representation corresponds to the Board of Director and, where applicable, to the Chief Executive Officer.
3. The Board of Directors will represent the Company acting as a collegial body, but for the signing of share certificates of the Company, which shall be issued by any two members of the Board of Directors. The chief executive officer shall have the power to represent the Company acting individually.
4. The resolutions of the Board of Directors shall be executed by its secretary, any director or by a third party specially designated in the resolution, acting either jointly or individually.

Article 25. General principles of action

The Board of Directors and, where appropriate, the chief executive officer shall carry out their duties and exercise their powers with unity of purpose, independently and with loyalty to the social purpose, in accordance with the *Purpose and Values of the Iberdrola Group* and its *Code of Ethics* acting always in observance of the provisions of the applicable legislation, the corporate government System of the Company and, in particular, as far as the Board of Directors is concerned, the rules of organisation and internal functioning that the Board establishes as part of its power of self-organisation.

Section 2^a. The Board of Directors

Article 26 Powers of the Board of Directors

1. The Board of Directors is empowered to adopt resolutions on all matters that are not reserved by the *By-Laws* or by law to the General Shareholders' Meetings. The widest powers to manage, conduct, administer and represent the Company correspond to the Board of Directors.
2. In accordance with its status as the Group's subholding Company of the Group in Mexico, the Company's Board of Directors is responsible for the following:
 - a) Inform, implement and ensure in the head companies of the businesses in which the Company participates, the compliance with the general policies, strategies and guidelines established by Iberdrola as a *holding* company in the interest of all the companies of the Group, taking in consideration the characteristics and singularities of the scope of action and of the businesses developed by the head of business companies and respecting their autonomy to carry out the ordinary direction and effective management of their businesses, as well as their responsibility for the ordinary control of the same .
 - b) Approve the annual consolidated budget of the Company and its direct or indirect subsidiaries, considering their budget projections, and according to the budgetary basis of Iberdrola, as *holding* company of the Group.
 - c) Approve, prior report of the Audit and Compliance Commission, the financial information of the Company and its direct or indirect subsidiaries, as revised by the account auditor.
 - d) Approve the non-financial information of the Company and that of its direct or indirect subsidiaries.

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- e) Prepare the proposals of distribution of profits that will be presented to the General Shareholders' Meeting according to the policies established by Iberdrola, las *holding* company of the Group.
 - f) Promote and supervise, as subholding Company of the Group in Mexico, the strategy regarding the relationship with its possible stakeholders, according to the policies and models established for the Group, approving the cooperation agreement with the Iberdrola Mexico Foundation for the promotion and performance of activities related with the sustainable development policies in Mexico.
 - g) Ensuring that the Company and its subsidiaries, directly or indirectly, comply with the regulations on personal data protection in accordance with the Group policies established in this regard. In this context, the Company's Data Protection Officer will report to the Board of Directors.
 - h) Prepare with Iberdrola, as *holding* company of the Group, the mechanisms that allow the exchange of information of the Company and the head companies of the businesses, as required for the strategic coordination of the Group, to the benefit of all the companies integrating it, without affecting the autonomy of the Company and its subsidiaries, and respecting the requirements imposed by law to their directors.
 - i) Ensuring the proper use of the Iberdrola brand as the main symbol of the *Group's Purpose and Values*, as well as its *Code of Ethics*.
 - j) Supervise the rendering of common services to the head companies of the businesses in which the Company participates, promoting and supervising the execution of intragroup service agreements, as well as the development of their actions by the corporate Committees for the Group.
 - k) Promoting the presence of the Company on social media and developing the communication and innovation strategy and its digital transformation.
 - l) Establishing, in particular, from its scope of responsibility as *subholding* company, the structure and accessibility of the Company's corporate website, through which the *Purpose and Values* of the Group and its *Code of Ethics* will be disseminated, identifying its activities, its relationship with the Group and its position on matters of corporate governance, sustainability and the environment. It also serves as an instrument for promoting its relations with the most relevant Stakeholders and with society in general, establishing the necessary coordination for this purpose with the corporate website of the head companies of the businesses in which the Company participates, to avoid confusion between them
3. The Board of Directors shall also be responsible for directly exercising the following non-delegable powers:
- a) Calling the General Shareholders' Meeting in any of the events determined by these *Corporate By-Laws*, or whenever deemed as convenient, set the date and time for holding it, and execute its resolutions.
 - b) Determine its own organization and operation.
 - c) Granting special or general powers of attorney and delegating any of its authorities, but for those which exercise is exclusively reserved to the Board of Directors, according to law, these

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By-Laws or its internal corporate government regulations, reserving its exercise, as well as to revoke any of the powers granted by it.

d) Authorizing the issuing by the Company of any guaranty or other support, ratification or agreement in favour of any third party, acting as guarantor of any company not part of the Iberdrola Group, or in the event of a company part of the Iberdrola Group, when this is not directly or indirectly part of the Company.

e) Establishing branches and agencies of the Company in any part of the Mexican Republic or abroad.

f) Appointing the counsellors appointed by the Shareholders, and who are to perform executive offices, and remove them from their offices, determining the consideration for the executive offices they perform, as well as any particular conditions to be included in their agreements, according to the applicable legal provisions.

g) Determine the appointment and removal of the high management of the Company, as well as to determine their consideration, indemnification in the event of removal, according to the applicable legal provisions. To such purposes, the members of the high direction shall be those who depend directly from the Board of Directors.

h) Approving the proposals for the appointment and removal of directors of direct subsidiaries of the Company, although for all existing independent directors these proposals shall be passed on by the Board of Directors to the Appointments Committee of Iberdrola for its information. Likewise, the Company's Board of Directors shall take note of the proposals for the appointment and removal of directors relating to indirect subsidiaries.

i) Resolve about the proposals of the Delegate Executive Commission or the Chief Executive Officer, if any, or of the commissions created by the Board of Directors.

j) Supervise the effective operation of the Audit and Compliance Commission, and of any other commissions created by it, and the performance of the delegate and government bodies appointed by it.

k) Determine the sense of the vote corresponding to the shares property of the Company, in any General ordinary and extraordinary Shareholders' Meetings of the companies in which it participates.

l) Identifying the main risks of the Company and organize internal control and information systems, as well as to give proper follow up to those systems, taking in regards the general risks' policy of the Group.

m) Performing any acts authorized by theses *By-Laws* or derived therefrom, giving its opinion regarding any matter of its competence, and that the Board of Directors considers of interest for the Company.

4. Without prejudice to the non-delegable powers referred to in sections 1 to 3 above, the Board of Directors shall entrust the ordinary management and direction of the Company to the Chief Executive Officer and members of the board, promoting and supervising the management of the Company and, in particular, compliance with the guidelines and objectives established by the Board of Directors.

[Translation for reference purposes only]

5. Likewise, the Board of Directors shall have the following powers of attorney:

a) _____, act as plaintiff or aid District Attorney in any criminal proceedings, before labor authorities and courts and before the Ministry of Foreign Affairs.

b) _____ General power of attorney for lawsuits and collections and acts of administration in labour matters, with all the general authorities and even the special ones that according to law require special power or clause, pursuant to the first and second paragraph of article 2.554 and 2.587 of the Civil Code for the Federal District and its relative provisions in the Civil Codes for all the States of the Mexican Republic and the Federal Civil Code, in order to represent General power of attorney for acts of administration pursuant to the provisions of the second paragraph of article 2.554 of the Civil Code for the Federal District and its correlative provisions in the other Civil Codes of the States of the Mexican Republic.

c) _____ General power of attorney for domain acts, pursuant to the provisions of the third paragraph of article 2.554 of the Civil Code for the Federal District and its correlative provisions in the other Civil Codes of the States of the Mexican Republic and in any of the places in which it is to exercise the power.

d) _____ General power of attorney for lawsuits and collections, granted with all the general and special authorities that require special clause according to the legal provisions, with no limitation whatsoever, according to the provisions of articles 2.554 first paragraph, 2.582 and 2.587 of the Civil Code for the Federal District and the correlative provisions of the Civil Codes for all the States of the Mexican Republic and the Federal Civil Code. The Board of Directors shall be entitled, enunciatively but not in a limited fashion, to: file and withdraw any kind of proceedings, even the amparo trial pursuant to the provisions of article 14 of the Amparo Trial Law; to compromise, to compromise with arbitrators, to prepare and answer interrogatories, to assign assets, to challenge judges, to receive payments and to execute any actions expressly determined by law, including the representation of the Company before any judicial and administrative authority, whether criminal, civil or of any other nature, with the authority to file criminal complaints, grant pardons principal before any employees, whether individually or jointly, and before any applicable unions, and in general, to represent its principal in any labour matters and before the Conciliation and Arbitration Boards, whether local or federal, and before any other labour authority determined in article 123 of the Constitution of the United Mexican States, in order to appear to any conciliation, demand and exceptions' hearing and offering and admission of evidence herein, and in each and every stage of the proceeding and actions in any labour proceeding, being authorized to execute agreements and settlements, propose conciliation agreement, execute, negotiate and subscribe liquidation agreements, act as representative with authorities of administrator regarding any type of labour trials and proceedings known by any authority, and formalize and terminate labour agreements, in the understanding that theses authorities are granted enunciatively but not in a limited fashion, therefore it shall hold the employer's representation for purposes of articles 11, 46 and 47 of the Federal Labour Law, as well as the legal representation of its principal, to evidence personality and authority in or outside trial pursuant to the provisions of articles 692 and 693 of such law, and to prepare and answer interrogatories according to the provisions of articles 786 and 787 of the Federal Labour Law, being authorized to hear and receive any type of notices, appear with representation authorities before hearings referred to in article 873 of the Federal Labour Law, pursuant to the provisions of articles 875, 876, 877, 878, 879, 880 and any other applicable provisions of such law.

e) _____ Power of attorney to issue, subscribe, guarantee, endorse and negotiate any kind of negotiable instruments in name and on behalf of the company, pursuant to the provisions of article

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9 of the General Law of Negotiable Instruments and Credit Transactions, and to appoint any person authorized to execute such acts.

f) Power of attorney to open and close bank accounts at name of the Company, and to make deposits and draw against them, and appoint persons authorized to draw against such accounts.

g) Power to substitute its powers and authorities, reserving its exercise, and to grant general and/or special powers of attorney within the limits of its authorities, including the authority granted in this section, and to revoke any of them.

6. Additional to the authorities corresponding according to law and any other applicable provisions of these *By-Laws*, the Board of Directors shall suveil at any moment, that all the transactions executed by and between the Company and its subsidiaries and all the other companies comprising the Group, are executed (i) at market prices or supported by valuations carried out by specialist external agents, and / or (ii) under conditions that observe and safeguard the corporate interest, taking into consideration all available and relevant information on the applicable transaction.

Article 27. Composition of the Board of Directors

1. The Board of Directors shall be composed of a minimum of three and a maximum of ten members, who shall be appointed by the General Shareholders' Meeting, subject to any applicable rules laid down by law or the *By-Laws*, having at least one of them to be an independent director, according to the provisions of these *By-Laws*.

2. The General Shareholders' Meeting shall be responsible for determining the actual number of Directors within the minimum and maximum limits stated in the previous section. Notwithstanding the foregoing, the Board of Directors shall propose to General Shareholders' Meeting the number of directors, which, in accordance with the circumstances affecting the Company and considering the minimum and maximum numbers stated above, is most appropriate to enable the body to operate effectively.

3. A member of the Board of Directors:

a) May or may not be shareholders of the Company.

b) Shall be in their office for a term of one year; notwithstanding the foregoing, they shall continue in their offices, even if the term of their appointment has elapsed, until new appointments are made and the persons appointed as new directors take their corresponding offices.

c) Can be re-elected or revoked at any moment, whatsoever.

4. Particularly, directors can be removed from their offices from time to time by the General Shareholders' Meeting and shall formalize their dismissal when they incur in any of the cases of incompatibility or prohibition for the performance of the position of director provided by law.

Article 28. Classes of directors

1. The General Shareholders' Meeting shall be responsible of the qualification of the candidates to be members of the Board of Directors, classifying them into the following categories:

[Translation for reference purposes only]

a) Executive directors, i.e., those who perform management functions, no matter the legal bond within the company.

b) Proprietary directors, that is, those who are appointed upon proposal of Iberdrola and do not have the status of executive.

c) Independent directors, i.e., persons who are chosen for their personal and professional merit, and who can perform their duties without being constrained by their relations with the Company, with any other companies within the Group, or with the directors, significant shareholders, or managers thereof.

d) Other directors, i.e., those who, while not performing management functions in the Company, nor representing Iberdrola, for any reason do not qualify as independent.

2. The appointment or removal of independent directors by the General Shareholders' Meeting shall be carried out upon proposal or prior report of the Appointments Commission of Iberdrola, taking into account their personal and professional merit, and in particular their experience in relation to the corporate purpose, their links with the geographical areas in which the Company performs its activities, and their independence of judgement in pursuit of the corporate interest.

3. The category of Directors shall not affect the independence with which they must perform the functions pertaining to their office, and therefore their duties of diligence, fair dealing, and loyalty towards the Company.

Article 29. Chairman and Vice-chairman

1. In the event of lack of appointment of chairman of the Board of Directors by the General Shareholders' Meeting, the Board of Directors, in the first meeting held immediately after the Shareholders' Meeting not appointing such officer, shall elect a Chairman from among its members who shall exercise the powers that correspond to the position in accordance with the law and the corporate government System of the Company and, in particular, the following:

a) Call and chair meetings of the Board of Directors, establishing the agenda for the meetings and moderating discussions and deliberations.

b) Submit to the Board of Directors the proposals he deems appropriate for the smooth running of the Company and, especially, those corresponding to the functioning of the Board of Directors itself.

c) Ensure, in collaboration with the secretary of the Board of Directors, that Directors receive sufficient information in advance on the items that figure in the agenda.

d) Encourage debate and the active participation of Directors during meetings, while ensuring their freedom to take the stance they consider appropriate.

e) Drive the work of the Board of Directors' committees and oversee their effectiveness in performing their functions and responsibility, as well as ensuring they have the appropriate human and material resources.

f) Invite to the Board of Directors meetings all those who can contribute to improve the information held by its members when it comes to deliberating particular issues.

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2. The Board of Directors may decide to elect a Vice-chairman from among its members. If the Board of Directors has elected a Vice-chairman, it will temporarily replace the Chairman of the Board of Directors in the event of vacancy, absence, sickness leave or disability. If there is no Vice-chairman, the Chairman shall be replaced by the longest-serving member, and should there be a tie as to seniority, by the eldest.

Article 30. Chief Executive Officer

1. The Board of Directors, at the proposal of the Chairman and with the favourable vote of two thirds of the Directors, may appoint from among the Directors a Chief Executive Officer having such powers as the Board deems fit and are delegable under these *By-laws* and under the law.

2. The office of Chief Executive Officer may also be held by the Chairman of the Board of Directors.

3. If appointed, the Chief Executive Officer shall be responsible for the day-to-day running and management of the Company under the supervision of the Board of Directors and, in particular, for:

a) Drive the implementation of the corporate policies and general management guidelines of the Group within the scope of action of the Company, according to the directions determined by the Board of Directors of the Company.

b) Apply the strategy and policies approved by the Board of Directors regarding their scope of action and according to the basic management guidelines of the Group.

c) Propose to the Board of Directors, the annual goals and the budget of resources required for their execution.

d) Ensure that the companies head of the businesses in which the Company participates, acknowledge the recommendations on technological and operative practices, and that they apply and develop the innovation and digital transformation strategy, that according to the strategy and general guidelines, can perform the committees created according to the business Model in order to favour synergies that contribute to maximizing the value of the Group's businesses.

e) Establish the necessary institutional relationships within the scope of action of the Company.

Article 31. Secretary and Vice-Secretary

1. The Board of Directors, at the proposal of the chairman, will appoint a secretary, and if such is resolved, the vice-secretary, who may or may not be a director of the Board of Directors, and shall appoint the other persons who shall hold the other offices created for the better performing of the duties. In the event of absence of the secretary, it shall be replaced by the longest-serving member, and should there be a tie as to seniority, by the eldest.

2. The secretary shall perform the duties assigned to him or her by law and the corporate government System of the company, and in particular, the following:

a) Keep a book of minutes of the General Shareholders' Meeting, while also overseeing the conservation and safekeeping of said book. Notwithstanding the foregoing, the secretary of

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the Board of Directors shall send the secretary of the Board of Directors of Iberdrola certification of the minutes regarding the decision taken by the General Shareholders' Meeting.

In addition, the Secretary shall report to the Board of Directors on the resolutions adopted by the Company as shareholder in the General Shareholders' Meeting in the companies in which it has the status of sole shareholder, keeping a record of the certificates of the minutes of the General Shareholders' Meeting.

b) Keep a book of minutes of meetings of the Board and any other body for which he or she holds the post of secretary, duly reflecting the course of the meetings in the same, while also overseeing the conservation and safekeeping of the said books and of the company documentation generated in relation to the workings of these administrative bodies.

c) Take care of the legal and material formalities related to the actions of the Board of Directors and other governing bodies for which he or she acts as Secretary; and further oversee the regulatory compliance of said actions with the law and the Company's internal corporate governance regulations, taking into account for this purpose, among others, any orders issued by regulatory bodies.

d) Advise the Board of Directors regarding the development and updating of the corporate government System of the Company, according to the provisions of these *By-Laws*.

e) Generally, act as a conduit for Company relations with the members of the Board of Directors as regards the workings of the Board, in accordance with the instructions of its chairman.

f) Assist the chairman of the Board of Directors in ensuring that Directors receive important information sufficiently in advance and in an appropriate format to carry out their duties, while also channelling request for information and documentation from directors regarding those matters of which the Board of Directors must have knowledge.

g) Exercise the functions envisaged in paragraphs d) and e) above with respect to commissions or committees of the Board of Directors for which he or she acts as secretary.

h) Provide the information that must be posted on the Company's corporate website, according to the corporate government System.

i) Ensure, under the supervision of the Chairman of the Board of Directors, the effective coordination of the Board with internal committees or commissions that carry out consultancy or support functions for the Board that may be set up, particularly with respect to the establishing of the requisite information flows.

3. The secretary must state and record his opposition to agreements contrary to the law, the Company's corporate governance system or corporate interest.

4. The Secretary, and in the event of vacancy, absence, illness or impossibility, the vice-secretary, shall authorize any copies or certificates of the minutes of the Board of Directors' meetings and of the General Shareholders' Meetings, as well as of any of the registries in the books or non-accounting corporate registries, and generally, of any document in the files of the Company. In the event of absence of the secretary and vice-secretary, it shall act as secretary the director appointed by the Board of Directors from among its members present in the corresponding meeting.

[Translation for reference purposes only]

Article 32. Meetings of the Board of Directors

1. The Board of Directors shall meet as often as deemed necessary by the Chairman of the Board and, at least, once a quarter. The schedule of ordinary meetings will be set by the Board of Directors before the beginning of each financial year and may be amended through a decision by the Board itself or by its Chairman.
2. Generally, the meetings shall be held in person in the place determined in the call.
3. When, as an exception, the Chairman of the Board of Directors so decides, the meeting called may be held at several connected sites or electronically, through the use of remote communication systems that allow the recognition and identification of the attendees, permanent communication between them and discussion and the casting of votes, all in real time. The meeting is understood to have been held at the corporate domicile and, where appropriate, the procedures will be adopted to ensure that the connections are made with full guarantee of the identity of the intervening parties, the duty of secrecy and the protection of social interest in preserving access to the information that is transmitted and generated within the meeting and in the discussions that take place therein, as well as the decisions and agreements that are adopted, and the directors must comply with the security and privacy protocols established by the Company. The directors in attendance at any of such interconnected places shall be deemed to have attended the same single meeting of the Board of Directors for all purposes
4. Calls to a meeting of the Board of Directors shall be made via e-mail or any other means that provides verification of receipt and shall be authorised by the signature of the Chairman, or the Secretary or Vice-Secretary, by order of the Chairman. A call to a meeting shall be given as far in advance as is necessary for the Directors to receive it and not later than the third day before the date of the meeting, except in the case of emergency meetings. The call shall always include the Agenda of the meeting, except for just cause, and shall be accompanied, as appropriate, by the information deemed as necessary.
5. The meeting call and the information considered necessary, as well as any other communication, shall be sent or made available to the Board members using the new technologies and, in particular, on the board member website as a key tool for effectively carrying out the duties of the Board. Using the same procedure, Board of Directors' meetings can be cancelled, suspended or their date, agenda or venue modified. Failing this, notification will be sent to the email address that the member supplied to the Company on accepting his or her position, duly notifying the Company of any change with respect to the same, without prejudice to the mandatory restrictions regarding the use by Board members of the systems, applications and IT and telematic elements made available to them by the Company.
6. Notwithstanding the foregoing, the Board of Directors shall be understood to be properly constituted without need for prior notice if all members are present in person or dully represented and agree unanimously to hold a meeting as universal and accept the items on the agenda.
7. When, as an exception, the Chairman of the Board of Directors so decides, the meeting called may be held at several connected sites or electronically, through the use of remote communication systems that allow the recognition and identification of the attendees, permanent communication between them and discussion and the casting of votes, all in real time, adopting any proceedings established in paragraph 3 above. The directors in attendance at any of such interconnected places shall be deemed to have attended the same single meeting of the Board of Directors for all purposes.

[Translation for reference purposes only]

8. The chairman may invite to Board of Directors' meetings all those who can contribute to improving the information held by members avoiding their presence when it comes to the decision-making part of the meeting. Whenever deemed convenient, the chairman may authorise their remote attendance, based on what is indicated in paragraph 7 above. The secretary shall record the entrances and exits of guests at each meeting.

Article 33. Constitution and majority for adopting resolutions

1. In order for the meetings of the Board of Directors to be valid, it shall be necessary the assistance of the majority of its members, and its resolutions shall be valid if adopted by the majority of votes of those in attendance, unless law or these *By-Laws*, the applicable law or the corporate government System, require any different majority. In the event of tie, the Chairman shall have casting vote.

2. Additional to the secretary of the Board of Directors, any delegate specially appointed for such purposes by the Board of Directors, shall be authorized to appear before the notary public of its choice to totally or partially formalize the resolutions adopted, if necessary.

3. The resolutions of the Board of Directors may be adopted without holding a meeting, with the unanimous written agreement of all its members. The resolutions adopted in such form shall be as valid and shall have the same legal effects as any other resolution adopted during any meeting of the Board of Directors. The unanimous resolutions adopted without holding a meeting of the Board of Directors shall be transcribed in the corresponding minutes' book and the registry might be signed by the chairman or secretary of the Board of Directors, or they can be kept in independent files under the custody of the secretary of the Board of Directors.

Article 35 (sic). Chairman of the Board of Directors' Meetings

1. The chairman, or in his/her absence the Vice-chairman of the Board of Directors, shall chair the meetings of the Board of Directors and shall comply with its resolutions without requiring any special resolution to that purpose. In the event there is no Vice-Chairman, or if he or she is absent, then the office shall be held by the longest-serving member and should there be a tie as to seniority.

2. The chairman of the meeting shall encourage debate and the active participation of Directors during meetings.

3. The chairman may invite to Board of Directors' meetings all those who can contribute to improving the information held by members avoiding their presence when it comes to the decision-making part of the meeting. Whenever deemed convenient, the chairman may authorise their remote attendance, based on what is indicated in paragraph 2 above. The secretary shall record the entrances and exits of guests at each meeting.

Article 36. Formalisation of resolutions

The minutes of each meeting of the Board of Directors shall be registered in a specially authorized book and such minutes shall be signed by the Chairman and the Secretary or by the person(s) acting in their position in the event of absence and shall be approved upon the end of the meeting or in the next meeting.

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In the latter case, any part of the minutes may be approved at the end of the corresponding meeting, provided that the text to which it refers has been made available to the directors prior to the Board meeting or has been read before the meeting is adjourned.

Section 3^a. Committees of the Board of Directors

Article 37. Board of Directors Committees

1. The Board of Directors may also set up other committees or internal commissions with consultative or advisory functions or for compiling reports or drafting proposals, as determined by the Board of Directors itself, having to constitute, in any event, an Audit and Compliance Commission.

2. The committees shall be governed on a supplementary basis, as far as they are not inconsistent with their nature, by the provisions set in these *By-Laws* relating to the operation and adoption of resolutions by the Board of Directors.

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

Article 38. Audit and Compliance Commission. Internal Audit Direction and Compliance Direction

1. The Board of Directors will permanently establish a Committee that shall be named Audit and Compliance Commission, comprised of at least three (3) members and a maximum of five (5) members, appointed by the Board of Directors, and at least one of them shall be an independent director.

2. The Audit and Compliance Commission shall have a chairman and a secretary that does not need to be member, appointed by the Board of Directors, being the secretary responsible of preparing, keeping and taking care of the minutes' book of the Commission and of the general social documentation created regarding its operation.

3. The members part of the Audit and Compliance Commission shall be in their office as long as they continue to act as directors of the Company, unless the Board of Directors resolve anything to the contrary. The renewal, re-election and removal of directors integrating the Commission shall be done according to the resolutions of the Board of Directors.

4. The Company shall have a Compliance Direction, which shall be an independent internal area related to the Audit and Compliance Commission, with competence in the scope of the legal compliance and prevention and correction of illegal or fraudulent actions.

5. The Audit and Compliance Commission shall be responsible of:

a) Supervising the internal audit of the Company, which will functionally depend on the chairman of the Audit and Compliance Committee and hierarchically on the chairman of the Board of Directors. The Committee will ensure the independence and effectiveness of the internal audit, will approve the orientation and action plans of the latter, will propose to the Board of Directors its annual budget, as well as the appointment or removal of its director or manager, and will evaluate its performance and will validate its annual objectives before submitting them to the approval of the Board of Directors.

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b) Supervising the process for preparing and filing the regulated financial information regarding the Company and its direct or indirect subsidiaries. The Commission shall evaluate any proposals on changes on the accounting practices and policies.

c) Supervising the elaboration and filing process, the clarity and integrity of non-financial information of the Company, and its direct or indirect subsidiaries.

d) Acknowledge and revise the internal control systems associated to the risks of the Company and its subsidiaries, and ensure, in accordance with the Group's general risk policy, so that the main risks are properly identified, managed and disclosed.

e) Analyse, along with the account auditors, the principal weaknesses of the internal control system detected during the audit, the foregoing without affecting its independence. To such regards, it shall be entitled to present any recommendations or proposals to the Board of Directors, and the term corresponding to their follow up.

f) Supervise the channels that allow the Company's professionals to communicate to the Commission, confidentially and, if deemed appropriate, anonymously, any potentially significant irregularities, especially financial and accounting, that they notice within the Company, respecting in any case the fundamental rights of the parties involved and the regulations on protection of personal data.

g) Establish the appropriate relationships with the account auditors to receive information on those matters that may pose a threat to their independence, for examination by the Audit and Compliance Commission, and any others related to the process of auditing accounts, as well. as well as those other communications provided for in the legislation on auditing of accounts and in the other auditing regulations, the Commission reporting to the Board of Directors when so established by law or in the corporate governance system of the Company.

In any event, it shall receive on a yearly basis from the account auditors the written confirmation of independence before the Company or directly or indirectly related companies, as well as any information of additional services rendered to such companies by those account auditors or by the person or companies related to it according to the applicable legal provisions on account audits.

h) Issue on a yearly basis, prior to the report of the accounts audit, report expressing an opinion on whether the independence of the account auditors is compromised. This report will include the reasoned assessment of the provision of each and every one of the additional services referred to in the previous paragraph, individually and as a whole, other than the legal audit and in relation to the independence or with the regulations governing the activity of auditing accounts.

i) Receive information from the Compliance Direction regarding any important matter regarding the exercise of its office during the risk management of any incompliance with the regulations and ethics code or of the corporate governance System and the prevention and correction of illegal or fraudulent acts.

j) Review, through the Compliance Direction, the internal policies and proceedings of the Company to verify their effectiveness in preventing inappropriate behaviour and identify any policies or procedures that are more effective in promoting the highest ethical standards, for its elevation to the Board of Directors. In particular, it will inform the Board of Directors about the proposals for modifying the Regulations of the Compliance Direction of the Company.

[Translation for reference purposes only]

k) Revise and validate the operation annual budget of the Compliance Direction for its elevation to the Board of Directors, and supervise that the Compliance Direction has all the material and human resources required for the compliance of its purposes, always protecting its independence and efficacy.

l) Approve the annual activity plan of the Compliance Direction.

m) Inform about the proposals of appointment of the Compliance officer, evaluate its actions and validate its annual purposes prior to its elevation to the Board of Directors.

n) Inform the Board of Directors on the creation or acquisition of participation sin any special purpose companies or with domiciles in any country or territory that is considered as a tax paradise, as well as any other transactions of similar nature, that due to its complexity may affect the transparency of the Group.

o) Any other determined by the Board of Directors.

6. The Audit and Compliance Commission of the Company, as well as the Internal Audit Area and Compliance Direction, will exercise their functions with full autonomy without prejudice to the establishment of an adequate framework of information and collaboration on the development of their functions with the Audit and Risk Supervision Committee, the Sustainable Development Committee, the Internal Audit Area and the Compliance Unit of Iberdrola as the *holding* company of the Group.

7. The Audit and Compliance Commission, shall gather, in the opinion of its chairman, as many times as necessary for the fulfilment of its tasks, and at least four times a year, or when requested by at least half of its members. It will be validly constituted when the absolute majority of its members concur, adopting its resolutions by a majority of the members present at the meeting. In the event of a tie, the president will have a casting vote.

8. The Audit and Compliance Commission shall submit to the approval of the Board of Director a report of its activities performed during the previous year, such report shall be presented to the shareholders of the Company.

9. The organization and functioning of the Audit and Compliance Commission, shall be governed, additional to the provisions of this article, by the provisions of the *Regulations to the Audit and Compliance Commission*, which approval or amendment corresponds to the Board of Directors of the Company, upon proposal of its chairman or of the chairman of the Commission.

Section 4^a. Status of Director

Article 39. Remuneration

1. The General Shareholders Meeting shall establish fixed pay for some or all of the Directors for their office, this is, for belonging to the Board of Director and, if applicable, in accordance with the committees to which they belong, their circumstances, their type of director position and the duties performed or offices held. The premiums corresponding to any liability insurance and life assurance that the Company takes out for the benefit of the directors shall form a part of this fixed remuneration.

2. Likewise, and also in accordance with their circumstances, all or some of the Directors shall be entitled to receive remuneration as an attendance allowance for Board meetings or to

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those of the committees to which they are integrating part, prior agreement of the General Shareholders' Meeting.

3. The said sums set by the General Shareholders' Meeting shall remain in force for as long as they are not superseded by a new decision by the General Shareholders' Meeting
4. Executive Directors, will only be remunerated for their executive functions in accordance with the fifth paragraph of this Article
5. All rights and duties of any type derived from membership on the Board of Directors shall be compatible with all other rights, duties and compensations to which the Director may be entitled by reason of other employment or professional relationships, if any, that such Director may have with the Company, as permitted by the applicable legal provisions, always acting according to impartiality and independence principles, as necessary for the exercise of the office of Director.
6. The Company may subscribe liability and legal defence insurance for the directors for the exercise of their duties, as well as, where appropriate, life insurance for them.

Article 40. General duties of the Directors

1. Directors must discharge and observe the duties of their office and those established by law and the Company's corporate governance system with the diligence of a prudent business executive in keeping with the nature of the office and duties attributed to each one.

Directors shall act in good faith and with the diligence of a prudent business executive and a faithful representative, acting in furtherance of corporate interests.

2. In particular, they shall undertake to:

a) Properly prepare the meetings of the Board and, if applicable, the meetings of the committees of which the director is a member, for which purposes the Director must diligently obtain all relevant information regarding the running of the Company and the matters to be discussed at such meetings.

b) Attend meetings of the Board and of the Committees of which he is a member, and actively take part in deliberations so that his judgement effectively contributes to decision-making. If, on justified grounds, he is unable to attend a session to which he has been called, he must his deputy director.

c) Perform any specific task commended to him by the Board or the chairman, provided that such task reasonably falls within the scope of the Director's area of specialisation.

d) Inquire into and give notice to the Board of any irregularities in the management of the Company of which the Director may have had notice and monitor any situation of risk.

e) Propose that an extraordinary Board meeting be called or further items be added to the agenda of the following meeting to be held so that such matters as the Director deems appropriate may be discussed.

[Translation for reference purposes only]

f) Oppose to agreements that are against the law, the Company's corporate governance internal rules or its interests, and demand that his dissent be noted in the minutes and seek the invalidation of any such resolution.

g) Discuss and vote about any transaction in which the Board of Directors has any conflict of interest with the Company, inform it to the Board and refrain from participating in the discussion and voting.

3. The Secretary, even if not holding the position of member of the Board shall be bound by those duties binding Directors that, by their very nature, apply likewise to him/her.

Article 41. Director's duty of confidentiality

1. A Director shall keep the deliberations of the Board of Directors and of any Committee of which they are a member in confidence, and, in general, shall abstain from disclosing any information, data, report or background particulars to which they may gain access in the exercise of their office, and from using any such information for their own or any third party's benefit, subject to such duties of transparency and disclosure as applicable law may impose. Directors must also always observe the restrictions in place regarding the use of the systems, applications and IT and telematic elements made available to them by the Company.

2. A director's duty of confidentiality shall remain even after his/her departure from office, except where permitted or required by law.

3. The aforementioned obligation of confidentiality shall not prevent the normal flows of information between the Company and the other companies of the Group within the scope of the general strategic and operation regulations established by Iberdrola, as holding company in interest to the companies comprising the Group, without prejudice to the obligations arising from specific applicable regulations.

Article 42. Duty not to compete

1. A Director shall not be a Director or executive of, nor provide services to another company having a corporate purpose wholly or partly similar to that of the Company or operating as a competitor of the Company. The foregoing shall not apply to functions and offices held (i) at Group companies, (ii) at companies where the director acts in representation of the Group's interests, (iii) at investees of any Iberdrola Group company where the director does not act in representation of the Group's interests, unless the Board of Directors takes the view that corporate interests would be put at risk, and (iv) in other circumstances in which the General Shareholders' Meeting or the Board of Directors, releases him from the above restriction on the view that corporate interests are not thus put at risk to the Company.

2. Non-executive directors whose term expires or who for any other reason cease to hold office may not be a Director or executive of, nor provide services to another entity having a corporate purpose wholly or partly similar to that of the Company or operating as a competitor of the Company for a period of two (2) years, unless such entity is a member of the Group. The no-competition obligation on executive directors is that specified in their respective contracts. The Board of Directors may, if deemed fit, release an outgoing Director from this obligation or shorten its term of effect.

Article 43. Conflicts of interest, transactions with Directors and transactions with Iberdrola or with Iberdrola Group companies

[Translation for reference purposes only]

1. Directors must adopt the necessary measures to prevent creating conflicts of interest as contemplated by law.
2. Directors shall inform the Board of Directors through the Secretary of any situations where a conflict arises, whether direct or indirect, between themselves and the corporate interest.
3. In the event of a conflict, the director affected shall refrain from participating in the transaction over which the conflict exists.
4. Dispensing with the prohibition on obtaining an advantage or remuneration from third parties or affecting a transaction the value of which is greater than ten per cent of the company's assets must necessarily be agreed by the General Shareholders' Meeting.
5. In any other case for which the law does not call for the authorisation by the General Shareholders' Meeting, the authorisation may be secured by agreement through the Board of Directors, as long as independence is guaranteed for the board members conceding as to the released director. It will also be essential to secure the innocuousness of the operation authorised for the corporate equity or, as the case may be, its execution in market conditions and the transparency of the process.
6. In the case of a transaction between the Company and the Director or any person related thereto, and, within the ordinary course of business and are of a habitual or recurring nature, a generic authorisation for the line of business and the conditions therefore shall be sufficient.
7. No authorisation of the Board of Directors (or if applicable, of the General Shareholders' Meeting) shall be required in connection with transactions involving a director and their related parties that simultaneously satisfy the following three conditions (i) that they are conducted under contracts whose terms and conditions are standardised and apply *en masse* to a large number of clients; (ii) that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question, and (iii) that the amount thereof does not exceed one percent of the annual income of the Company, based on the audited financial statements for the last fiscal year ending prior to the date of the transaction in question.
8. The Board of Directors shall approve and yearly review the standards that must be met for transactions carried out between the Company and its subsidiaries and all other companies within the Group, to protect the corporate interest.

Article 44. Use of company assets

1. A Director may not use the Company's assets nor exploit their position at the Company to obtain any economic advantage unless they have given adequate consideration.
2. As an exception, a Director may be released from the obligation to give consideration, but in that event the economic advantage shall be treated as remuneration in kind and must be authorised by the Board of Directors, prior report of the Audit and Compliance Commission, or by the General Shareholders' Meeting.

Article 45. Non-public information

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

[Translation for reference purposes only]

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

Article 46. Business Opportunities

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

Article 47. Director's duty of information

1. A Director shall disclose, through the Secretary, to the Company any proprietary, direct or indirect, interest they may have in the capital of any company having the same, a similar or a complementary type of business to that constituting the corporate purpose of the Company, any position or function they may perform at such company, and their pursuit on their own or another's behalf of any manner of activity that is complementary to that constituting the corporate purpose of the Company.
2. A Director shall also disclose to the Company:
 - a) All positions the Director holds in, and services the Director provides to other companies or entities, with the exception of those within the Group, as well as all other professional duties they may have. In particular, the Director shall inform the Board of Directors prior to accepting any directorship or managerial office at another company or entity (except for the positions the Director is called upon to hold at companies belonging to the Group or at other companies in which they represent the interests of the Group).

[Translation for reference purposes only]

b) Any material changes in his professional situation that might impinge on the character or status by virtue of which he was appointed a Director.

c) Any judicial, administrative or other proceedings instituted against him which, by reason of their significance or characteristics, might seriously affect the Company's reputation. In particular, should a Director become subject to an order for further criminal prosecution upon indictment or commencement of an oral trial is issued against him for the commission of any offences, whether federal or local, such Director shall give notice thereof to the Company through its Chairman. In such instance, the Board of Directors shall review the case as soon as practicable and shall adopt the decisions it deems fit taking into account the interests of the Company.

d) In general, any circumstance or situation that may be relevant to his performance as a Director of the Company.

Article 48. Powers of information and inspection

1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company, notwithstanding limitations set in the applicable regulations.

2. The exercise of the aforementioned powers shall first be channelled through the Chairman or Secretary of the Board of Directors.

Article 49. Expert advice

1. For the purpose of procuring assistance for the exercise of his duties, any Director may request the engagement, at the Company's expense, of legal, accounting, technical, business or financial advisers or other experts.

2. Such engagement must relate to specific issues having appreciable importance and complexity and emerging in the course of the Director's performance of his office.

3. The request for an expert to be hired must be channelled through the Secretary of the Board of Directors, who shall act pursuant to the criteria determined by the Chairman, who may subject it to the prior approval of the Board of Directors; such approval may be denied in well-founded instances, including the following circumstances:

a) That it is not necessary for the proper performance of the duties entrusted to the Directors.

b) That the cost thereof is not reasonable in light of the significance of the issues and the assets and income of the Company.

c) That the technical assistance sought may be adequately provided by the Company's own experts and technical personnel.

d) That it may entail a risk to the confidentiality of the information that must be made available to the expert.

[Translation for reference purposes only]

Article 50. Internal effectiveness of the provisions of voluntary observance established in this Chapter 2º, Title III.

Except for those matters that are mandatory according to the applicable laws, and notwithstanding the obligation of the Company to comply with all the other provisions of voluntary observance established in this Chapter 2º, Title III, the lack of observance, by any cause, shall not create nor grant in favour of any third parties any right to controvert the existence, validity and effectiveness of any resolution, actions, agreements, covenants or any other document executed by the Company through the Board of Directors, or by any intermediate body, delegate or attorney-in-fact, and such provisions of corporate governance shall not be considered as validity, existence or effectiveness requisites of any transactions executed within the company or of the legal actions performed by the Company.

TITLE IV. SURVEILLANCE OF THE COMPANY

Article 51. Statutory Auditor

1. The surveillance of the Company shall be entrusted to a statutory auditor, who might have a deputy, if resolved by the General Shareholders' Meeting.
2. It is not necessary that the statutory auditor is shareholder of the Company; it can be re-elected and will continue in his office until the person appointed to substitute him takes his corresponding office.
3. The statutory auditor shall have the same authorities and obligations as the one established in article 166 of the General Law of Commercial Corporations, as well as those determined by the General Shareholders' Meeting.

TITLE V. FINANCIAL AND NON-FINANCIAL INFORMATION

Article 52. Financial Information

Within the first three months of the year following to the end of the fiscal year, the Board of Directors shall prepare an annual report, that includes at least the following financial information:

- a) A report on the progress of the Company during the year, as well as on the policies followed by the Company's administrators and, where appropriate, on the main existing projects.
- b) A report stating and explaining the main accounting and information policies and criteria followed in the preparation of financial information.
- c) A statement showing the financial situation of the Company at the closing date of the fiscal year.
- d) A statement that shows, duly explained and classified, the results of the Company during the year.
- e) A statement showing the changes in the financial situation during the year.
- f) A statement showing the changes in the items that make up the corporate equity that occurred during the year.

[Translation for reference purposes only]

- g) The notes that are necessary to complete or clarify the information are provided in the previous statements.

Article 53. Availability of Financial Information

The financial information referred to in the article above, including the report of the statutory auditor referred to in article 172 of the General Law of Commercial Corporations must be prepared and made available to the shareholders, along with the any supporting documentation, at least thirty days prior to the date of the General Shareholders' Meeting that is to discuss them. The shareholders shall be entitled to receive a copy of such financial information.

Article 54. Non-Financial Information.

The performance of the Company in any social, environmental and sustainability matters, as well as the social dividend generated and shared with its Stakeholders comprise the non-financial information of the Company.

The General Shareholders' Meeting, when approving the annual accounts, shall have knowledge of all the non-financial information of the Company and that of its direct or indirect subsidiaries, which approval shall correspond to the Board of Directors of the Company.

The Company shall promote, within the scope of its actions, and in coordination with Iberdrola as holding company, the public disclosure of its non-financial information and social dividend, specially to its Stakeholders.

TITLE VI. PROFITS AND LOSSES

Article 55. Allocation of Net Profits

The net profits per each fiscal year, after deducting any amounts corresponding to (i) income tax for the year, (ii) if applicable, distribution of profits to the Company's employees, and (iii) if applicable, amortization of losses from previous years, will be distributed as follows:

- a) Five percent to establish and reconstitute the legal reserve fund, until it is equal to at least, twenty percent of the capital stock.
- b) If the General Assembly of Shareholders so determines, it may establish, increase, amend or eliminate the capital reserves that it deems appropriate and establish provident and reinvestment funds, as well as special reserve funds.
- c) The remainder, if any, will be applied in the manner determined by the General ordinary General Shareholders' Meeting.

TITLE VII. DISSOLUTION AND LIQUIDATION

Article 56. Dissolution

The Company shall be dissolved in any of the events determined in article 229 of the General Law of Commercial Corporations

Article 57. Appointment of Liquidators

[Translation for reference purposes only]

Once the Company is dissolved, it shall be liquidated. The liquidation shall be entrusted to one or more liquidators appointed by the General extraordinary Shareholders' Meeting. If such General Shareholders' Meeting does not appoint such officer, the appointment shall be made by a civil or district judge with competence in the domicile of the Company upon request of any shareholder.

Article 58. Liquidation Proceeding

The liquidation shall be performed according to the resolutions adopted by the shareholders upon resolving or declaring the dissolution of the Company. If there are no special resolutions of the General Shareholders' Meeting, then the liquidation shall be performed according to the provisions of the applicable chapter of the General Law of Commercial Corporations; unless anything to the contrary resolved by the General Shareholders' Meeting, the liquidators shall have those authorities granted by law.

Within the scope of their competence, the corporate bodies shall adopt any resolutions and decisions considered as necessary to complete the liquidation, always pursuing the corporate interest, observing and respecting the *Purpose and Values of the Iberdrola Group* and its *Ethics' Code*, as well as the legal rights of all its stakeholders.

TITLE VIII. INTERPRETATION, COMPLIANCE AND EXECUTION

Article 59. Interpretation, compliance and execution

The interpretation, compliance and execution of these *By-Laws* shall be subject to the applicable laws in the United Mexican States.

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