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**Regulations of  
the Compliance  
Division of Iberdrola  
Generación España,  
S.A.U.**

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## TITLE I. NATURE AND PURPOSE

### Article 1. Nature and purpose

1. The Board of Directors of Iberdrola Generación España, S.A.U. (the “Company”) has approved these regulations (the “**Regulations**”) for the compliance division (the “**Compliance Division**”).
2. The Compliance Division is an independent internal area linked to the Board of Directors, and is responsible for proactive regulatory compliance. The Division is configured in accordance with the corporate governance system and is granted broad powers, budgetary autonomy and independence to act.
3. The Company’s Compliance System comprises all the rules, formal procedures and material actions implemented to prevent incorrect and unethical behaviour or which breaches the law or the Corporate Governance System by Company employees and ensures that employees abide by ethical principles and the law.
4. The Compliance Division is governed by the provisions of this *Regulation* and the other standards that make up the Company’s Corporate Governance System.

## TITLE II. COMPLIANCE DIRECTOR

### Article 2. The Compliance Director

1. Overall responsibility for the Compliance Division lies with its director (the “**Compliance Director**”), who shall be entrusted with the powers needed to carry out his or her duties.
2. The Company’s Board of Directors is authorised to remove and appoint the Compliance Director.
3. The Compliance Director must have the expertise, qualifications and experience appropriate for the duties that he/she is called upon to perform.
4. The Compliance Director manages the operations and budget of the Compliance Division and is also responsible for implementing the pertinent measures and action plans while ensuring that the Compliance Division is proactive in ensuring compliance with its duties.
5. The Compliance Director establishes the structure of the Compliance Division so as to ensure independent and effective management, while the Board of Directors shall ensure that the department has the necessary human and material resources.
6. Neither the Compliance Director nor the Compliance Division members may be members of the Company’s Board of Directors.
7. When the Company’s Board of Directors sees fit, the Compliance Division may be supported by a multidisciplinary office (the “Office”). The Office shall comprise the Compliance Director, who will manage the office, and representatives of the Company’s areas and functions determined by the Company’s Board of Directors. The Compliance Division may ask the Board of Directors of the Company to consider setting up such an Office.

## TITLE III. FUNCTIONS

### Article 3. Functions of the Compliance Division

1. The primary duties of the Compliance Division shall be:
  - a) To promote the dissemination, knowledge and compliance with the IBERDROLA, S.A. Code of Ethics. (the “**Code of Ethics**”) in addition to the rules and procedures related to compliance and fraud prevention.
  - b) Oversee the operations, effectiveness, and compliance of the Crime Prevention and Fraud Policy, and control the implementation, development and fulfilment of crime prevention programmes within both the Company as well as Company subsidiaries that do not have their own compliance division and are not controlled by a company that has its own compliance division, notwithstanding the responsibilities attributed to other bodies.
  - c) Promote a preventive culture based on the principle of “zero tolerance” towards condoning unlawful acts and situations of fraud, and in the application of the principles of ethics and responsible conduct of all professionals in the Company and subsidiaries regardless of their seniority or country in which they work.
  - d) To review internal procedures of the Company and its subsidiaries to check their effectiveness in preventing incorrect conducts and identifying possible procedures that could be more effective in promoting the highest ethical standards.
  - e) Manage the ethics mailbox (the “**Ethics Mailbox**”) and provider ethics mailbox (the “**Provider Ethics Mailbox**”) of the Company and its subsidiaries (jointly referred to as the “**Ethics Mailboxes**”), and take or coordinate the necessary steps for investigating claims and issue the resolutions adopted.
  - f) Promote the preparation and implementation of suitable training programmes that are face-to-face, online or conducted through any other method deemed appropriate for educating Company professionals on the obligations stipulated in the Code of Ethics, Crime Prevention and Fraud Policy and applicable legislation, with sufficient regularity to guarantee that their knowledge on this matter remains up-to-date. In particular, the Company’s professionals will receive training on the Code of Ethics and the Crime Prevention and Fraud Policy, focusing on corruption, liability, and the legal and regulatory obligations specifically applicable to their roles and duties in the Company.
  - g) To establish the tools needed to ensure documentary proof and record-keeping of the actions making up the Company’s compliance system.

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2. To these effects, the Compliance Division will be responsible for drawing up, approving, permanently keeping up-to-date and ensuring the application of the procedures that it deems to be appropriate to prevent criminal activities and fraud in the Company and its subsidiaries.
3. The Compliance Division shall also:
  - a. Carry out an annual evaluation and produce a report on effectiveness of the Company's Compliance System. The report will be presented to the Company's Board of Directors. The Compliance Director will send a copy of the report to the compliance director of Iberdrola España S.A.U. for the above mentioned purposes.
  - b. Perform an annual evaluation of the effectiveness of the Company's *Crime prevention programme*.
  - c. Appraise the Company's Board of Directors and the Compliance Director of Iberdrola Spain, S.A.U vis-a-vis the effectiveness of the Company's Compliance System.
4. The Compliance Division will also hold other specific and indefinite powers attributed by the Company's Board of Directors, the Company's Articles of Association or other corporate governance regulations.

#### **Article 4. Relationship between the IBERDROLA S.A. Compliance Unit and the compliance division of the subholding company IBERDROLA ESPAÑA, S.A.U**

The Compliance Division shall work in coordination with the Compliance Unit of IBERDROLA, S.A. through the compliance division of the subholding company IBERDROLA ESPAÑA, S.A.U., in keeping with the provisions set out in the Coordination, collaboration and information protocol of the compliance division of Iberdrola España, S.A.U.

### **TITLE IV. RESOURCES, BUDGET, ANNUAL ACTIVITY PLAN, DUTIES AND FACULTIES**

#### **Article 5. Material and human resources**

1. The Compliance Division shall have the material and human resources needed to perform its duties.
2. The Board of Directors shall ensure that the Compliance Division has the resources necessary to guarantee its independence and effectiveness.

#### **Article 6. Cost estimate**

On proposal by the Compliance Director, before the start of each year, the Compliance Division shall submit the budget project for its activities for the following year to the Board of Directors for approval.

#### **Article 7. Annual activity plan**

On proposal by the Compliance Director, before the start of each year, the Compliance Division shall submit an annual activity plan for the following year to the Board of Directors for approval. This shall be done according to the Company's rules of corporate governance.

#### **Article 8. Powers and advice**

1. The Compliance Division, through the Compliance Director and so long as permitted by pertinent legislation, shall have access to the information, documents and offices of the administrators and professionals in the Company and its subsidiaries, including any deeds and documentation of the bodies that manage, supervise and control for the sake of discharging its duties properly. In this regard, all professionals and administrators in these companies must provide any required collaboration to the Compliance Division to enable them to carry out their duties.
2. Likewise, the Compliance Division may seek, payable by the Company and through the Secretary of the Board of Directors, the collaboration or advice of external professionals, who must submit their reports directly to the Compliance Division.
3. Whenever possible, and so long that the effectiveness of its efforts remains unaffected, the Compliance Division shall attempt to undertake its activities transparently, reporting to the affected directors and professionals when possible and appropriate as to the purpose and scope of the activities.

#### **Article 9. Duties of Compliance Division members**

1. The members of the Compliance Division must act with independent judgement with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.
2. The members of the Compliance Division shall keep any discussions and resolutions confidential and in general refrain from disclosing any information, data, reports or background information to which they may have access while discharging their duties, and from using any of the foregoing for personal or third-party benefit notwithstanding the applicable duties of transparency and information. The duty of confidentiality of the members of the Compliance Division shall prevail even after the member no longer holds the position.

### **TITLE V. ETHICS MAILBOXES**

#### **Article 10. Investigations into breaches**

1. The Compliance Division may investigate potential breaches of the Corporate Governance System, which include, specifically, the rules of conduct in the *Code of Ethics*, as well as conduct that entails improprieties or illegal acts which may affect the perpetrator's professional functions within the Company, contractual relationships with suppliers or the Company's interests and image.

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2. The Compliance Division may launch an investigation when it becomes aware of facts or circumstances that may constitute a breach or an impropriety of the type described in the previous section, either *ex officio*, by agreement of the Compliance Director, or pursuant to a complaint made through the Ethics Mailboxes defined in the following article or by any other means.
3. The principles, procedural rules and guarantees established herein shall apply to all matters investigated by the Compliance Division, regardless of origin.
4. When a breach mentioned in section 1 above involves another business unit, or any of its employees or suppliers, the Compliance Division of the affected company shall be responsible for the investigation.

## Article 11. Creation of the Ethics Mailboxes

1. The Company shall implement an Ethics Mailbox to promote compliance with the law and the rules of conduct set out in the Code of Ethics. The Ethics Mailbox is a transparent communications channel for the professionals in the Company and its subsidiaries to report conducts that could entail the perpetration of some sort of irregularity or act that violates the law or rules of conduct under the Code of Ethics as long as queries about the interpretation of the same. Communications addressed to the Ethics Mailbox may be sent by completing an electronic form that the Company will make available on the intranet or by electronic mail, as determined by the Compliance division.
2. The Company shall also create a Provider Ethics Mailbox as a communications channel for suppliers, their commissioned third parties for providing services or supplies to the Company, the employees thereof and any third party that has posted to participate in a tender for services or supplies to be a Company provider or supplier, so that they can report any conduct that could entail a non-compliance by some professional of the companies pertaining to the group whose parent entity, as defined by the law, is IBERDROLA, S.A. (the “**Group**”), of the corporate governance system or some illegal act or perpetration by a provider/supplier, a subcontractor or even the employees thereof, of some act in violation of the law or the Provider Code of Ethics within the framework of their business relationship with the Company or its subsidiaries. Providers and their subcontractors may also use the Provider Ethics Mailbox to enquire or share their suggestions concerning the Provider Code of Ethics.

## Article 12. Management of the Ethics Mailboxes

1. Management of the Ethics Mailbox and Provider Ethics Mailbox correspond to the Compliance Division.
2. In the performance of said duty, the Compliance Division must observe the guiding rules and principles set out for this purpose in the Code of Ethics.

## Article 13. Acceptance for processing complaints

1. On receipt of a communication addressed to any Ethics Mailbox, the Compliance Division shall determine whether it should proceed to process it.
2. The Compliance Division shall inform and provide sufficient documentation as necessary to the Board of Directors of only potentially significant financial or accounting irregularities reported through Ethics Mailboxes.
3. The Compliance Division shall not process groundless or unplausible complaints or those breaking the data protection requirements, or when the action reported constitutes no breach of the corporate governance system or alleges no conduct that could imply the perpetuation of an irregularity or act in violation of the law or the rules of conduct established under the Code of Ethics that could have repercussions on the professional duties of the alleged perpetrator of the breach in the Company or Group, contractual relationship with providers, or the interests and reputation of the Company or Group.
4. With a view to explaining the acceptance to process the communication, the Compliance Division may, at its own discretion, opt to call on the communication's sender to clarify or complete the communication by furnishing documentation and/or data that could be necessary to substantiate the existence of an irregular conduct.

## Article 14. Processing the case

1. On admission of the communication for processing, the Compliance Division shall undertake the corresponding investigation and handle the case. It may also seek the collaboration of external advisors if necessary. If the complaint is lodged against a member of the Compliance Division, the implicated person may not participate in processing the complaint.
2. If the complaint affects a member of the Board of Directors, the Compliance Director shall inform the secretary of the Board of Directors so that he/she can assist him/her in processing the case and, in particular, in selecting the examining arbiter (a person external to the Group to assure independence).
3. The Compliance Division shall check the veracity and accuracy of the information contained in the communication and, in particular, the reported conduct, with respect of the rights of the affected parties. For such purposes, it shall undertake a hearing process for all affected parties and witnesses, and undertake any diligence it may deem necessary. All professionals shall be required to cooperate in the investigation in good faith. The participation of witnesses and affected parties shall be strictly confidential.
4. Investigations shall be conducted in accordance with the Investigation Manual adopted or approved by the Compliance Division and all affected parties shall be informed about the processing of their personal data in compliance with the applicable personal data protection laws and regulations.
5. In all investigations, the rights to privacy and to defence, and the presumption of innocence of the investigated persons shall be guaranteed and all necessary measures will be taken to prevent any type of retaliation against the complainant. The Company undertakes not to take reprisals, directly or indirectly, against employees who report an impropriety (whistle-blowers) that may be investigated by the Compliance Division, provided the complaint is not malicious.

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6. The Compliance Division may, at any moment during the procedure, seek the assistance of an advisor and the collaboration of the Human Resources, Legal Services or Purchasing Divisions, or whomever, as the case may so require, is the purchasing liaison of the company of the corresponding Group with a view to determining the consequences and manner to act in response to any complaint.

#### **Article 15. Decision on the case**

1. After processing the case, the Compliance Division shall issue a justified decision as necessary.
2. If the decision issued concludes that a professional has committed an irregularity or act in violation of the law or the applicable rules of conduct specifically pertaining to the professionals of the Company and its subsidiaries, the matter will be transferred to the Human Resources Department para with the application of the corresponding disciplinary measures, of which it will inform the Compliance Division. In the event of an irregularity or act in violation of the law or the corporate governance system rules affecting a member of the Board of Directors, the Compliance Division will pass the resolution on to the Board of Directors through the Secretary of the Board of Directors to apply any of the measures contemplated in the corporate governance rules, of which the Compliance Division will be kept informed.
2. If the issued decision concludes that a provider has committed an irregularity or act in violation of the law or applicable rules of conduct of the Provider Code of Ethics, the Compliance Division will convey it to the Purchasing Division or whomever, as the case may be, was the purchasing liaison of the company of the corresponding group so as to exercise the appropriate contractual rights, which will be subsequently reported to the Compliance Division.
3. Should the results of the case entail a potential for lodging lawsuits, the Compliance Division shall pass such actions on to the Legal Services Department to initiate the pertinent administrative or legal steps for each case, of which the Compliance Division must be kept informed.
4. In case of improprieties or breaches which may have a material impact on the Company's financial statements or internal control, the Compliance Division shall notify the Internal Audit Department.

#### **Article 16. Protection of personal data**

1. The transfer of personal data via the Ethics Mailboxes may require, in certain cases, and depending on the subject of the complaint and the pertinent legislation, the need to seek the express and unequivocal consent for processing the personal data of not only the person who has sent the communication but also the person who has been reported. For this purpose, the necessary mechanisms will be enabled for securing consent, which, as the case may so require, could be required before taking any further steps, under the terms required under the pertinent personal data protection legislation.
2. In general, the reported party shall be informed of the existence of a complaint when the initiating the steps to conduct the investigation. However, in cases with a significant risk that such a notification could jeopardise the ability to effectively investigate the allegation or to gather any required evidence, such notification to the reported party may be delayed for as long as the risk exists.
3. Persons sending a communication through Ethics Mailboxes must warrant that the personal data provided are true, correct, complete and current.
4. The data processed within the framework of the investigation shall be deleted as soon as such investigation has finished, unless the measures adopted give rise to administrative or legal proceedings. In addition, the Company shall keep such data duly blocked during periods in which any liability could arise from the reports filed or from the steps taken by the Company.
5. In accordance with the applicable legislation in each case, Ethics Mailbox users may exercise their rights of access, rectification, cancellation and opposition insofar as their personal data at any time by means of a written communication sent to the Company's registered address, complying with the requirements established by the pertinent legislation in force and specifying the right they wish to exercise.

### **TITLE VI. AMENDMENTS, COMPLIANCE AND INTERPRETATION**

#### **Article 17. Amendment**

1. Any amendments to this Regulation must be approved by the Board of Directors.
2. The Compliance Division may propose amendments to this Regulation to the Board of Directors.

#### **Article 18. Compliance**

The Compliance Director must ensure compliance with this *Regulation*.

#### **Article 19. Interpretation**

This *Regulation* shall be interpreted in accordance with the Company's Corporate Governance System.

