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POLICY REGARDING COMMUNICATION AND CONTACTS WITH SHAREHOLDERS, INSTITUTIONAL INVESTORS AND PROXY ADVISORS

The Board of Directors of IBERDROLA, S.A. (the "Company") has recognised a strategic goal of paying continuous attention to the transparency of information and of relations with its shareholders and with professional or qualified equity, debt and socially responsible investing professionals (the "Institutional Investors"), as well as proxy advisors, which are governed by the provisions of law and the Company's Corporate Governance System and, specifically, by the principles set out in this Policy regarding Communication and Contacts with Shareholders, Institutional Investors, and Proxy Advisors and in the General Corporate Governance Policy.

The listed country subholding companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the "Group") may establish their own policy regarding communication and contacts with shareholders, institutional investors and proxy advisors, which must in any case follow the general principles set forth in this Policy regarding Communication and Contacts with Shareholders, Institutional Investors, and Proxy Advisors.

1. General Principles

The Board of Directors is entrusted with the highest-level management and supervision of the information provided to shareholders, Institutional Investors, and the markets in general, by safeguarding, protecting, and facilitating the exercise of their rights and interests within the framework of the defence of the corporate interest, all in accordance with the following general principles:

a) Transparency, truthfulness, promptness, equality, and symmetry in the dissemination of information.

b) Equal treatment in the acknowledgement and exercise of the rights of all shareholders in the same situation and who are not affected by any conflict of interest or competition.

c) Protection of the rights and legitimate interests of all the shareholders.

d) Promotion of ongoing and permanent provision of information to the shareholders, and not only upon the call to General Shareholders' Meetings, by making available to them effective channels to keep them continuously informed of proposals that may be made in connection with the management of the Company, in accordance with law and the Corporate Governance System, and to report conduct that may involve a breach of the Corporate Governance System or the commission by any professional of the Company or of the companies belonging to the Group of any irregularity or of any act contrary to the provisions of the Code of Ethics, upon the terms set forth in the following sections.

e) Cooperation of the shareholders in order for the practices regarding the provision of information and relations with the markets to be transparent, effective, and in keeping with the corporate interest.

f) Development of information-technology tools that allow the Company to capitalise on new technologies, keeping it at the forefront in the use of new communication channels.

g) Coordination of the Company's communication with the shareholders through the Shareholder Engagement Policy so that it helps promote the engagement of shareholders within the Company.

h) Compliance with the provisions of law and the Corporate Governance System, as well as with the principles of cooperation and transparency with all competent authorities, regulators, and government agencies.

The principles listed above apply to the provision of information to and the communication of the Company with shareholders, Institutional Investors, and other interested parties, such as financial intermediary and management institutions and depositaries of the Company's shares, financial analysts, regulatory and supervisory entities, rating agencies, news agencies, proxy advisors, etc.

Without prejudice to the principles of equal treatment and non-discrimination, the Company may tailor general information and special communication channels and other initiatives regarding the provision of information to and communication with shareholders, Institutional Investors, and the markets in general based on the various groups for whom they are intended.

As regards regulatory compliance, particular attention shall be given to the rules concerning the processing of inside information and significant information, relations with the shareholders, and communication with the securities market set forth in the Regulations of the Board of Directors, the Internal Regulations for Conduct in the Securities Market, the Code of Ethics, the Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders, and Senior Officers, and the Internal Rules for the Processing of Inside Information.

2. General Information and Communication Channels

2.1 National Securities Market Commission and Other Entities

The first general channel for the provision of information by the Company to shareholders, Institutional Investors, and the markets in general is the National Securities Market Commission (Comisión Nacional del Mercado de Valores) ("CNMV"), as well as, where appropriate, the channels established by other foreign authorities and supervisory entities, in view of the immediate dissemination and publicity to which the information sent to these institutions is subject through the publication of significant events on their websites, which are simultaneously posted on the Company's corporate website.

2.2 Corporate Website

The Company's main official channel of communication with shareholders, Institutional Investors, and the markets in general is the Company's corporate website (www.iberdrola.com) which is continuously updated and through which the Company channels all information that may be
of interest to shareholders and Institutional Investors, thus allowing for the prompt publication thereof and the possibility of subsequent access thereto, in order for transparency to be the foremost value informing the Company’s relations with the markets and with the public at large.

The general secretary and secretary of the Board of Directors, in coordination with the Finance and Resources Division, decides on the information that is to be included on the Company’s corporate website.

In order to facilitate inquiries by shareholders and Institutional Investors, information disseminated by the Company through its corporate website is provided simultaneously in Spanish and English whenever possible; in the event of discrepancies, the Spanish version prevails.

The presentation of interim quarterly management statements and of **Semi-annual and Annual Financial Reports**, as well as other significant institutional, results-related, or economic and financial presentations, including “capital markets day” investor activities, are broadcast live via the Company’s corporate website, along with simultaneous translation into English, and interested parties are given the opportunity to ask questions regarding the presentation.

Furthermore, the Company endeavours to provide a reasonable period of direct access on its corporate website to recordings of the full broadcast of each presentation of results.

In addition to being published on the Company’s corporate website, the Company's economic, financial, institutional, and general information is disseminated through the transmission thereof to analysts, the media, and international, domestic, and regional news agencies, after having been sent to the CNMV whenever required.

An interactive system (On-Line Shareholders – “OLS”) has been made available on the corporate website, allowing shareholders (who may access the system using their user name and password) to easily:

a) View the most frequently asked questions and answers regarding the Company.

b) Make queries of or request clarifications from other shareholders, either openly or confidentially, regarding the matters contemplated in the preceding paragraph or regarding issues relating to their status as a shareholder.

c) Access the legal and corporate documentation that they require.

d) Make queries regarding the ethical principles governing the Group or make complaints through the Shareholders’ Ethics Mailbox.

e) Request information or clarifications or ask questions regarding items on the agenda for the General Shareholders’ Meeting.

f) View the General Shareholders’ Meeting directly.

g) Participate in other activities that ultimately seek to promote the engagement of shareholders within the Company, in accordance with the provisions in the **Shareholder Engagement Policy**.

**2.3 “Investor Relations App”**

The Company makes an “Investor Relations App” available to shareholders, Institutional Investors, and the markets in general. Through this continuously updated multi-device communication channel, in Spanish and English, shareholders and Institutional Investors have the ability to access information regarding the Company that might be of interest to them, favouring the immediacy of publication and the ability to subsequently access the information.

Through this application, one can access, among other things, the presentation of results in real time; view charts showing the Company’s share listing and prices, financial documentation, press releases, and notices of significant events (hechos relevantes).

**2.4 Social Networks**

Aware of the impact of new information technologies and communication channels via the internet, the Company encourages an active presence in social networks (such as Twitter) where it endeavours to disseminate information of interest on the status and activities of the Group and to establish a fluid and fruitful dialogue with the internet community, without prejudice to or detracting from compliance with its statutory obligations.

The Company also endeavours to disseminate all or part of the proceedings at General Shareholders’ Meetings through social networks, for which purpose it may publish on the internet, in real time, the main headlines of the event, post pictures of the proceedings live on the Company’s channels, and share presentations on an internet website.

**2.5 Internal Coordination for the Dissemination of News that May Contain Significant Information**

In order to ensure that the dissemination of news that may contain significant information for the market is carried out under conditions of transparency, symmetry, and in compliance with the provisions of law and the Corporate Governance System (and specifically, the **Internal Regulations for Conduct in the Securities Markets**), the Company has established the following internal coordination rules:

a) If information generated by the Company can be classified as significant for the market or if there is any doubt as to the obligation to report it to the CNMV pursuant to law and the Corporate Governance System, the Office of the General Secretary of the Company shall decide whether a notice of significant information should be sent in advance to the CNMV and, if so, to draft, review, and send such notice to the CNMV through the authorised representatives designated by the Company for such purpose.

The information included in the significant event (hecho relevante) may not be disseminated by any other means without prior publication thereof on the website of the CNMV. Furthermore, the content of the significant information disseminated to the market by any information or communication channel other than the CNMV must be consistent with that of the corresponding significant event.

b) Information generated by the Company may be reported to shareholders, Institutional Investors, and the markets without observing the foregoing rules by any means that complies with this **Policy regarding Communication and Contacts with Shareholders, Institutional Investors**, etc.
and Proxy Advisors, so long as there is no doubt under the law and the Corporate Governance System that such information need not be communicated to the CNMV as a significant event, or when, following consultation with the Office of the General Secretary of the Company, such Office has determined, in accordance with the rules set forth in the preceding section, that a notice of significant event need not be sent to the CNMV.

3. Office of the Shareholder and Shareholders’ Club

The Board of Directors establishes appropriate channels in order for the shareholders to be kept permanently informed and in order for them to submit proposals in connection with the management of the Company, in accordance with the law and the Corporate Governance System.

The Company maintains the following channels of communication with the shareholders for such purposes:

3.1 Office of the Shareholder

The paramount purpose of the Office of the Shareholder (Oficina del Accionista) is to act as an open, permanent, and transparent channel of communication with all the shareholders of the Company, through the ongoing development of initiatives calculated to strengthen such relationship in order for the shareholders to be kept continuously informed and in order for them to submit proposals regarding the management of the Company.

The Office of the Shareholder is thus established to respond at all times and on an ongoing basis to the queries, questions, or suggestions of the shareholders through a toll-free telephone service line (900 100 019) and an e-mail address (accionistas@iberdrola.com), and is in contact with those shareholders who have voluntarily entered their names in its database.

The Office of the Shareholder shall endeavour, to the extent possible, to respond to the queries and requests made by registered shareholders, giving absolute priority to the furtherance of the corporate interest and complying with the law and the Corporate Governance System. It constitutes a permanent information system through which shareholders can inquire and stay updated about the status of the Group. To such end, and in keeping with the principles of transparency, equality, and symmetry in the dissemination of information, the replies and other documents that the Office of the Shareholder provides when it is able to comply with such requests shall be available to the public on the Company’s corporate website.

3.2 Shareholders’ Club

The Shareholders’ Club (Club del Accionista) is established as an open and permanent channel of communication between the Company and the shareholders who voluntarily become members thereof and are interested in closely following the Company’s performance. Thus, the telephone and e-mail service offered by the Office of the Shareholder is augmented by the mailing of other documents, such as annual reports, quarterly newsletters, notices sent to the CNMV, or daily closing market prices.

4. Shareholders’ Ethics Mailbox

The Company shall establish a Shareholders’ Ethics Mailbox as a channel of communication in order to enable the shareholders to report conduct that may involve failure to comply with the Company's Corporate Governance System or the commission by any Group professional of any act that is illegal or contrary to the rules of conduct of the Code of Ethics specifically applicable to the Group's professionals.

Communications addressed to the Shareholders' Ethics Mailbox may be sent by completing an electronic form that shall be available on the Company's corporate website, in a section to be entitled "Shareholders' Ethics Mailbox".

The guiding principles of the Shareholders’ Ethics Mailbox are the following:

a) The Group undertakes not to engage in any kind of retaliation, whether direct or indirect, against the shareholders of the Company that have reported irregular conduct through the Shareholders’ Ethics Mailbox. In any event, such communications must always comply with standards of truthfulness and proportionality, and such mechanism may not be used for purposes other than compliance with the law or the rules of the Code of Ethics mentioned above.

b) The identity of the shareholder reporting an irregular action through the Shareholders' Ethics Mailbox shall be deemed confidential and, therefore, it shall in no event be communicated to the party named in the report, if any, thus ensuring non-disclosure of the identity of the reporting shareholder and avoiding any kind of response from the reported party as a consequence of the report.

c) Without prejudice to the foregoing, the data of the shareholders making the communication may be provided to governmental or court authorities, to the extent required by such authorities as a result of any proceeding stemming from the subject matter of the report, as well as to persons involved in any kind of subsequent investigation or court proceeding initiated as a consequence of the investigation. Such provision of data to governmental or court authorities shall always be in full compliance with the laws on the protection of personal data.

The Compliance Unit shall be responsible for managing the communications sent through the Shareholders’ Ethics Mailbox. If the party named in the report is a member of the Compliance Unit, such member shall not be allowed to participate in the processing thereof.

Taking into account the specific circumstances of the case, the Compliance Unit may inform the shareholder who sent the communication of the status of the process.

All data provided through the Shareholders’ Ethics Mailbox shall be included in a personal data file owned by the Company in order to process the communication received and to take such investigatory steps, as well as to carry out such investigations as may be required to establish the commission of the violation.

The Company undertakes to treat all personal data of the shareholder making the communication in the strictest of confidence at all times and in accordance with the purposes contemplated in this section, and shall adopt such technical and organisational measures as may be needed to ensure the security of the shareholder's data and avoid the alteration, loss, or unauthorised processing thereof or access thereto, taking into account the
current state of the art, the nature of the data stored, and the risks to which they are exposed, all in compliance with the laws on the protection of personal data.

In any event, the Company shall include in each data collection form the warnings required by law.

5. Relations with Analysts and Institutional Investors

The Investor Relations Office, organised and managed by the Investor Relations Division, is responsible for the ongoing and individualised response to the queries of analysts and Institutional Investors, for which purpose it has an e-mail address (investor.relations@iberdrola.es).

The Company organises informational meetings regarding the status of the Company and the Group and other points of interest to analysts and Institutional Investors to give them suitable information regarding the Company. All of the foregoing is without prejudice to the strict observance by the Company of the principle of equal treatment of all shareholders in the same situation and who are not affected by any conflict of interest or competition.

6. General Shareholders’ Meeting

The Board of Directors encourages the informed and responsible participation of the shareholders at the General Shareholders’ Meeting and adopts, through the Shareholder’s Guide and by other means, such measures and safeguards as are appropriate to enable the shareholders coming together at a General Shareholders’ Meeting to effectively discharge their duties pursuant to law and the Company’s Corporate Governance System.

When the General Shareholders’ Meeting is called, the Company may use the services of agencies, financial institutions, and intermediaries for purposes of improved distribution of information among its shareholders and Institutional Investors, and the Investor Relations Office may adapt the means and instruments for proxy-granting and absentee voting to the specific circumstances of Institutional Investors.

In addition, from the call to the General Shareholders’ Meeting to the end thereof, the shareholders may rely on the support of the Office of the Shareholder, which has a service for the organisation of presentations and events prior to the General Shareholders’ Meeting. The Office of the Shareholder also has a specific site at the premises where the meeting is held in order to answer questions that the attendees may ask, as well as to serve and provide information to the shareholders who wish to use the floor.

The General Secretary, with the support of the Investor Relations Office, is responsible for maintaining dialogue with proxy advisors, responding to their queries with regard to proposed resolutions submitted at a General Shareholders’ Meeting and providing them with the clarifications deemed appropriate.

7. Dissemination

The Company shall publish on the corporate website an annual report regarding the practical application of the Shareholder Engagement Policy and of this Policy regarding Communication and Contacts with Shareholders, Institutional Investors, and Proxy Advisors, including information regarding relations with Institutional Investors and proxy advisors.

8. Control

The Compliance Unit shall verify that the application of this Policy regarding Communication and Contacts with Shareholders, Institutional Investors, and Proxy Advisors complies with the provisions of the Internal Regulations for Conduct in the Securities Markets and the other rules of the Corporate Governance System included within the scope of its powers.

The Board of Directors, or the Executive Committee, if applicable, are periodically informed of the principal relations that the Company maintains with shareholders, Institutional Investors, and proxy advisors by application of this Policy regarding Communication and Contacts with Shareholders, Institutional Investors, and Proxy Advisors.

This Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors was initially approved by the Board of Directors on 26 October 2011 and was last amended on 15 December 2015.