PROCEDURE FOR CONFLICTS OF INTEREST AND RELATED-PARTY TRANSACTIONS WITH DIRECTORS, SIGNIFICANT SHAREHOLDERS, AND SENIOR OFFICERS

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CONTENTS

PRELIMINARY TITLE. DEFINITIONS 3

TITLE I. CONFLICTS OF INTEREST 3

Chapter I.- General Provisions 3

Article 1.- Scope of Application of Title I 3

Chapter II.- Conflicts of Interest Involving the Directors of the Company 4

Article 2.- Conflict of Interest 4

Article 3.- Duty to Report a Conflict of Interest to the Board of Directors 4

Article 4.- Duty to Abstain from Participating in Decision-making 4

Article 5.- Information on Conflicts of Interest 4

Chapter III.- Conflicts of Interest Involving Persons Subject to Conflict of Interest Rules 5

Article 6.- Conflict of Interest 5

Article 7.- Duty to Report a Conflict of Interest to the Corporate Resources Division 5

Article 8.- Duty to Refrain from Participating in Decision-making 5

Article 9.- Information regarding Conflicts of Interest 5

TITLE II. RELATED-PARTY TRANSACTIONS 5

Chapter I.- General Provisions 5

Article 10.- Scope of Application of Title II 5

Article 11.- Transactions Affected by Title II 5

Chapter II.- Transactions with Directors and Significant Shareholders 6

Article 12.- Authorisation of the Board of Directors 6

Article 13.- Reporting Duty of Directors 6

Article 14.- Information on Transactions with Directors and Significant Shareholders 6

Chapter III.- Transactions with Persons Subject to Conflict of Interest Rules 6

Article 15.- Authorisation of the Corporate Resources Division 6

Article 16.- Duty to Report Transactions to the Corporate Resources Division 7

Article 17.- Information on Transactions 7
PROCEDE FOR CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
WITH DIRECTORS, SIGNIFICANT SHAREHOLDERS, AND SENIOR OFFICERS

PRELIMINARY TITLE. DEFINITIONS
The Procedure for Conflicts of Interest and Related-Party Transactions with Directors, Significant Shareholders, and Senior Officers (the "Procedure"), which forms part of the Corporate Governance System of IBERDROLA, S.A. (the "Company"), further develops the provisions contained in the Regulations of the Board of Directors and in the Internal Regulations for Conduct in the Securities Markets and is aimed at establishing the rules that must be followed in those situations in which there is a conflict of interest between the interest of the Company or any of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the "Group") and the direct or indirect personal interest of the directors or of persons subject to conflict of interest rules, as well as in transactions carried out by the Group with directors, with persons subject to conflict of interest rules, or with Significant Shareholders.

For purposes of these regulations, the following terms shall have the meaning set forth below:

1. Significant Shareholders: Those shareholders of the Company that, directly or indirectly, hold an interest in the share capital that is equal to or greater than that legally regarded as significant at any time or that have proposed or made the appointment of any of the directors of the Company.

2. Persons subject to conflict of interest rules:
   a) Senior officers, i.e. officers reporting directly to the Company's Board of Directors, the chairman thereof or the chief executive officer of the Company, and, in any event, the director of the Internal Audit Area, as well as any other officer that the Board of Directors regards as such.
   b) Those persons designated by the Company's Compliance Unit (the "Unit") in view of the possibility of their being involved in potential conflicts of interest considering their position in the Company or the Group. The Unit shall notify them of their status as persons subject to conflict of interest rules.

3. Related persons of a director or of persons subject to conflict of interest rules:
   a) A spouse or other person related by a like relationship of affection.
   b) The ascendants, descendants, or siblings of the director or of the persons subject to conflict of interest rules or of the spouse (or another person related by a like relationship of affection) of the director or of the persons subject to conflict of interest rules.
   c) The spouses of the ascendants, descendants, and siblings of the director or of the persons subject to conflict of interest rules.
   d) The companies or entities in which the director or the person subject to conflict of interest rules or any of their respective related persons, acting personally or through a nominee, falls within any of the control situations established by applicable legal provisions.
   e) The companies or entities in which directors or persons subject to conflict of interest rules or any of their related persons, acting personally or through a nominee, hold an administrative or management position or a position for which they receive remuneration for any reason, provided, in addition, that the directors or the persons subject to conflict of interest rules also exercise, directly or indirectly, a significant influence on the financial and operational decisions of such companies or entities.

4. Related persons of a corporate director:
   a) Shareholders who, in respect of the corporate director, fall within any of the situations of control established by applicable legal provisions.
   b) Companies that form part of the same group, as such is defined by law, and the shareholders thereof.
   c) Individuals acting as a representative, administrators (in fact or in law), liquidators, and representatives holding general powers of attorney granted by the corporate director.
   d) Those persons who, in respect of the representative of the legal entity acting as director, are deemed related persons pursuant to the provisions of section 3 above applicable to individuals acting as directors.

TITLE I. CONFLICTS OF INTEREST
Chapter I.- General Provisions

Article 1.- Scope of Application of Title I
1. The purpose of this title is to establish and govern the procedure applicable to transactions or decisions in which there is a conflict, whether direct or indirect, between the interest of the Company or any of the companies of its Group and the personal interest of the directors, of the persons subject to conflict of interest rules, or of related persons.

2. For such purposes, this title further develops the provisions of article 37 of the Regulations of the Board of Directors of the Company and of article 11 of the Internal Regulations for Conduct in the Securities Markets, and shall prevail over the provisions of the Code of Ethics in the event of conflict therewith.

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Chapter II.- Conflicts of Interest Involving the Directors of the Company

Article 2.- Conflict of Interest
1. A conflict of interest shall be deemed to exist in all situations in which there is a conflict, whether direct or indirect, between the interest of the Company or of any of the companies of its Group and the personal interest of a director. A personal interest of a director shall exist when a matter affects the director or a related person thereof or, in the case of a proprietary director, when it affects the shareholder or shareholders that proposed or caused the appointment thereof or persons directly or indirectly related thereto.

2. The participation of any director in the management of a company with a corporate purpose that is totally or partially analogous to the corporate purpose of the Company, or which is a competitor thereof, or the provision of services to such company, shall be governed, in addition to these regulations, by the provisions of sub-section 1 of article 36 of the Regulations of the Board of Directors regarding the duty of directors not to compete.

3. Without prejudice to the provisions of sections 1 and 2 of this article, in those instances in which the conflict of interest situation is, or may reasonably be expected to be, of a nature such that it constitutes a situation of structural and permanent conflict between the director (or a related person in respect of such director or, in the case of a proprietary director, the shareholder or shareholders that proposed or caused the appointment thereof or persons directly or indirectly related thereto) and the Company or the companies forming part of the Group, it shall be deemed that the director does not have, or has ceased to have, the capability required to serve as such for purposes of the provisions of the Regulations of the Board of Directors.

Article 3.- Duty to Report a Conflict of Interest to the Board of Directors
1. Directors who become involved in a conflict of interest shall give written notice thereof to the secretary of the Company's Board of Directors, who shall send a copy of such notice to the Unit. The Unit shall periodically send a copy of the notices received to the Appointments and Remuneration Committee, through the chair thereof.

2. The affected director must specify in the notice whether the conflict of interest affects the director personally or through a related person, in which case the director must identify such person. In addition, the director shall specify the circumstances that led to the conflict of interest and shall describe, if appropriate, the subject matter and the principal terms of the planned transaction or decision, the amount or approximate economic valuation thereof, and the department or person of the Company or of any of the companies of the Group with which the respective contacts were made.

Once the affected director becomes aware of the commencement of such contacts, such director shall give the notice immediately, and, in any event, before the respective decision is made or the respective transaction is carried out.

3. In the event of any doubt as to whether a director might be involved in a conflict of interest for any reason, the director must make the respective query to the secretary of the Board of Directors. The director must also refrain from taking any action until the secretary of the Board of Directors replies to the query, with the secretary having the power to submit the query to the Unit if the secretary so deems appropriate.

Article 4.- Duty to Abstain from Participating in Decision-making
1. The affected director must refrain from attending and participating in the deliberation and voting on those matters regarding which the director is involved in a conflict of interest, both at meetings of the Board of Directors and at any other decision-making body, committee, or division participating in the respective transaction or decision.

2. At each meeting of the Board of Directors and of the Executive Committee, the secretary of the Board of Directors shall remind the directors, before dealing with the agenda, of the abstention rule established in article 37 of the Regulations of the Board of Directors, as well as of the applicability of this Procedure. With respect to meetings of the Audit and Risk Supervision Committee, the Appointments and Remuneration Committee, and the Corporate Social Responsibility Committee, the secretary of the respective committee shall comply with the provisions of this section.

Article 5.- Information on Conflicts of Interest
1. The secretary of the Board of Directors shall prepare a register of directors' conflicts of interest, which shall be continuously updated, with detailed information on each situation that arises. The information set forth in such register shall be made available to the Unit at its request and shall periodically be made available to the Audit and Risk Supervision Committee through the Internal Audit Area Division.

2. In addition, there shall also be included in the register of directors' conflicts of interest the information provided by the directors regarding their interest in the share capital of a company with the same, an analogous, or a supplemental line of business to that which constitutes the corporate purpose of the Company or of the companies of its Group and the positions or duties held by them therein, as well as the conduct, for their own account or for the account of third parties, of a line of business that is the same as, analogous to, or supplemental to the business that constitutes the corporate purpose of the Company and of other activities that must be disclosed to the Company in accordance with its Corporate Governance System.

3. The information described in the preceding sections shall be made public in the events and with the scope required at any time by applicable legal provisions.
Chapter III.- Conflicts of Interest Involving Persons Subject to Conflict of Interest Rules

Article 6.- Conflict of Interest

A conflict of interest shall be deemed to exist in all those situations in which there is a conflict, whether direct or indirect, between the interest of the Company or of the companies forming part of the Group and the personal interest of the person subject to conflict of interest rules. A personal interest of the person subject to conflict of interest rules shall exist when a matter affects such person or a related person.

Article 7.- Duty to Report a Conflict of Interest to the Corporate Resources Division

1. A person subject to conflict of interest rules who becomes involved in a conflict of interest must report such situation in writing, through a notice sent to such person’s supervisor, who shall forward such notice to the Corporate Resources Division of the Company (the “Corporate Resources Division”) or any other body of the Company that may hereafter take over the duties of such Division. The Corporate Resources Division shall send a copy of such notice to the Unit.

2. If the conflict of interest involves a senior officer of the Company, the notice mentioned in the preceding section must be sent directly to the head of the Company's Corporate Resources Division.

3. Persons subject to conflict of interest rules involved in the conflict of interest must specify in this notice whether the conflict involves them personally or arises through a related person, in which case they must identify such person. In addition, the person subject to conflict of interests rules shall specify the circumstances that led to the conflict and shall describe, if appropriate, the subject matter and the principal terms of the planned transaction or decision, the amount or approximate economic valuation thereof, and the department or person of the Company or of any of the companies of the Group with which the respective contacts were made.

Upon becoming aware of the commencement of such contacts, the person subject to conflict of interest rules affected by such conflict of interest shall give such notice immediately, and, in any event, before the respective decision is made or the respective transaction is carried out.

4. In the event of any doubt as to whether persons subject to conflict of interest rules might be involved in a conflict of interest for any reason, such persons must make the respective query to their supervisor, who shall forward such notice to the Corporate Resources Division. If the conflict of interest involves a senior officer of the Company, the query referred to in this section must be addressed directly to the head of the Corporate Resources Division.

Persons subject to conflict of interest rules must also refrain from taking any action until the Corporate Resources Division replies to their query. The Corporate Resources Division may, if it deems it appropriate, submit the query to the Unit.

Article 8.- Duty to Refrain from Participating in Decision-making

1. A person subject to conflict of interest rules must refrain from participating in or influencing decision-making by any decision-making body, committee, or division participating in the respective transaction or decision, that might affect the persons or entities with which there is a conflict.

2. A person subject to conflict of interest rules must also refrain from accessing confidential information that affects such conflict.

Article 9.- Information regarding Conflicts of Interest

1. The head of the Corporate Resources Division shall prepare a register of conflicts of interest affecting persons subject to conflict of interest rules, which shall be continuously updated, with detailed information on each conflict of interest that arises. The information set forth in such register shall be made available to the Unit at its request.

2. The information mentioned in the preceding section shall be made public in the events and with the scope required at any time by applicable legal provisions.

TITLE II. RELATED-PARTY TRANSACTIONS

Chapter I.- General Provisions

Article 10.- Scope of Application of Title II

1. The purpose of this title is to establish and govern the procedure applicable to transactions carried out by the Company or any of the companies of its Group with directors, with persons subject to conflict of interest rules, with significant shareholders, or with the respective related persons.

2. This title further develops the provisions of article 41 of the Regulations of the Board of Directors and of article 12 of the Internal Regulations for Conduct in the Securities Markets, and it shall prevail over the provisions of the Code of Ethics in the event of conflict therewith.

Article 11.- Transactions Affected by Title II

1. The transactions affected by this title are all transfers of resources, services, or obligations, regardless of whether or not they are made for valuable consideration, carried out by any of the persons mentioned in section 1 of the preceding article with the Company or with any of the companies within its Group.

2. As an exception, transactions made between the persons mentioned in section 1 of article 10 and any of the companies of the Group shall not be subject to this Procedure if such companies are listed companies and have corporate governance rules similar to those in place at the Company.

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Chapter II.- Transactions with Directors and Significant Shareholders

Article 12.- Authorisation of the Board of Directors

1. All transactions mentioned in this chapter shall in any event be subject to the prior authorisation of the Board of Directors of the Company or, in urgent cases, of the Executive Committee, following a favourable report from the Appointments and Remuneration Committee. In the event that authorisation has been granted by the Executive Committee due to the urgency of the matter, the Executive Committee shall give notice thereof to the Board of Directors at the next meeting thereof.

2. The Board of Directors, through the Appointments and Remuneration Committee, shall ensure that transactions with directors and significant shareholders or with the respective related persons are carried out under arm’s length conditions and with due observance of the principle of equal treatment of shareholders in the same situation.

3. In the case of customary and recurring transactions in the ordinary course of business, it shall be sufficient for the Board of Directors to give prior generic approval of the kind of transaction and of the conditions for performance thereof, following a favourable report from the Appointments and Remuneration Committee.

4. However, no authorisation of the Board of Directors or of the Executive Committee, as the case may be, shall be required in connection with transactions that simultaneously satisfy the following three conditions: (i) that they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to a large number of customers; (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 per cent of the consolidated annual income of the Company as reflected in the audited individual annual accounts for the most recent financial year closed prior to the date of the transaction in question.

Article 13.- Reporting Duty of Directors

1. Without prejudice to the provisions of the preceding article 12, and except as expressly permitted by the Board of Directors, directors must report in writing the transactions carried out by them and by their respective related persons, by means of a notice sent to the secretary of the Board of Directors. If no transactions have been carried out by the directors or by their respective related persons, the directors shall so report. Such notice must be sent on a semi-annual basis, within the first week of January and July of each year.

2. The notice must include the following information: the nature of the transaction; the date on which the transaction originated; the conditions and periods for payment; the name of the person who carried out the transaction and the relationship, if any, with the director; the amount of the transaction; and other aspects, such as pricing policies, guarantees given and received, and any other feature of the transactions that allows for a proper understanding of the transaction carried out, including information on transactions not made under arm’s length conditions.

3. To that end, the secretary of the Board of Directors shall send a notice to the directors on a semi-annual basis requesting the appropriate information that must be sent to the Company.

Article 14.- Information on Transactions with Directors and Significant Shareholders

1. The secretary of the Board of Directors shall prepare a register of the transactions carried out with directors and significant shareholders, or with the respective related persons. The information set forth in such register shall be made available to the Unit at its request, and shall periodically be made available to the Audit and Risk Supervision Committee through the Internal Audit Area Division.

2. The transactions making up the aforementioned register shall be made public in the events and with the scope required at any time by applicable legal provisions.

Chapter III.- Transactions with Persons Subject to Conflict of Interest Rules

Article 15.- Authorisation of the Corporate Resources Division

1. Any transaction mentioned in this chapter shall, in any event, be subject to the authorisation of the Corporate Resources Division.

2. The Corporate Resources Division shall ensure that transactions with persons subject to conflict of interest rules or with their related persons are carried out under arm’s length conditions.

3. In the case of customary and recurring transactions in the ordinary course of business, it shall be sufficient to give a generic approval of the kind of transaction and of the conditions for performance thereof.

4. However, no authorisation of the Corporate Resources Division shall be required in connection with transactions that simultaneously satisfy the following three conditions: that they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to a large number of customers; that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question; and that the amount thereof does not exceed one per cent of the consolidated annual income of the Company as reflected in the audited annual accounts for the most recent financial year closed as of the date of the transaction in question.
Article 16.- Duty to Report Transactions to the Corporate Resources Division
1. Without prejudice to the provisions of the preceding article 15, and except as expressly permitted by the Corporate Resources Division, persons subject to conflict of interest rules must report in writing the transactions carried out by them and by their respective related persons through a notice sent to the head of the Corporate Resources Division. Such notice shall be sent on a semi-annual basis, within the first week of January and July.
2. The notice must include the following information: the nature of the transaction; the date on which the transaction originated; the conditions and periods for payment; the name of the person who carried out the transaction and the relationship, if any, with the person subject to conflict of interest rules; the amount of the transaction; and other aspects, such as pricing policies, warranties given and received, and any other feature of the transactions that allows for a proper understanding of the transaction carried out, including information on transactions not made under arm's length conditions.
3. To that end, the head of the Corporate Resources Division shall send a semi-annual notice to the persons subject to conflict of interest rules requesting the appropriate information that must be sent to the Company.

Article 17.- Information on Transactions
1. The head of the Corporate Resources Division shall prepare a register of the transactions carried out with persons subject to conflict of interest rules. The information set forth in such register shall be made available to the Unit at its request.
2. The transactions making up the aforementioned register shall be made public in the events and with the intended scope required at any time by applicable legal provisions.