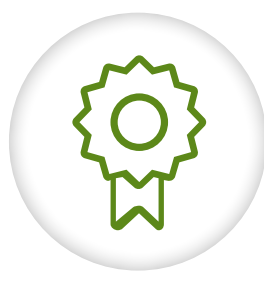


BOARD OF DIRECTORS

OPERATION



Powers



Independent directors



Audit and Compliance Committee



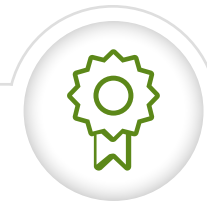
Duties



Corporate interest



Relations with third parties



POWERS

The [By-laws](#), according to the provisions of the [Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation](#), attributing the Board of Directors the broadest powers to manage and represent the Company, coordinating and overseeing ordinary management and control and effective management of the energy distribution business in Spain, according to the policies, strategies and general guidelines established by Iberdrola S.A. and by the subholding company of the energy businesses in Spain, Iberdrola España, S.A.U., and specially in accordance with the Code of incompatible Activities of Iberdrola Group Spain companies with regulated activities.



INDEPENDENT DIRECTORS

In accordance with section 26.1. b) of the Company's [By-laws](#), independent directors are appointed based on personal and professional merit, and may perform their duties without being constrained by their relations with the Company, with any other companies within the Iberdrola Group, or with the directors, significant shareholders, or managers thereof.



AUDIT AND COMPLIANCE COMMITTEE

The Board of Directors has a permanent advisory committee made up of three directors, two of them independent. Among other functions, it oversees the Company's Internal Audit area and the process for preparing and reporting the financial information; ensures the independence of the Company's auditors; approves the annual activities plan of the Compliance Division; and issues a prior opinion on the reports drafted on the separation of regulated activities.



DUTIES

The directors are subject to the general obligations and legal, statutory and ethical duties established in the Company's Corporate Governance System.



CORPORATE INTEREST

The Board of Directors discharges its duties and exercises its powers with unity of purpose, independence of judgement and loyalty to the corporate interest, defined as the interest of the Company, aimed at the sustainable exploitation of the corporate purpose and the creation of value over the long term to benefit the Group and its shareholders, considering other stakeholders related with the business activities of the Company and its institutional reality, and, in particular, the legitimate interests of the different communities and territories in which the Company and its employees are engaged.



RELATIONS WITH THIRD PARTIES

The Board of Directors ensures that the Company abides by laws and regulations in its dealings with stakeholders, fulfils its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business, and upholds any additional social responsibility principles it has subscribed to voluntarily.