

# COMPLIANCE DIVISION REGULATIONS OF IBERDROLA RENOVABLES ENERGIA, S.A.U.

6/07/15

<b>TITLE I. NATURE, PURPOSE AND AMENDMENT</b>	<b>3</b>
Artículo 1. Nature and purpose	3
Artículo 2. Alter	3
<b>TITLE II. COMPLIANCE DIRECTOR</b>	<b>3</b>
Artículo 3. The Compliance Director	3
<b>TITLE III. FUNCTIONS</b>	<b>3</b>
Artículo 4. Duties of the Compliance Division	3
Artículo 5. Relationship between the IBERDROLA S.A. Compliance Unit and the compliance division of the subholding company IBERDROLA ESPAÑA, S.A.U.	3
<b>TITLE IV. RESOURCES, BUDGET, ANNUAL ACTIVITY PLAN, DUTIES AND FACULTIES</b>	<b>4</b>
Artículo 6. Human capital and material resources	4
Artículo 7. Cost estimate	4
Artículo 8. Annual activity plan	4
Artículo 9. Faculties and advice	4
Artículo 10. Duties of Compliance Division members	4
<b>TITLE V. ETHICS MAILBOXES</b>	<b>4</b>
Artículo 12. Management of the Ethics Mailboxes	4
Artículo 13. Acceptance for processing complaints	4
Artículo 14. Processing the case	5
Artículo 15. Decision on the case	5
Artículo 16. Protection of personal data	5

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

## TITLE I. NATURE, PURPOSE AND AMENDMENT

### Artículo 1. Nature and purpose

1. The Board of Directors of Iberdrola Renovables Energía, S.A.U. (the “Company”) has approved these regulations (the “Regulations”) for the compliance division (the “Compliance Division”).
2. The Compliance Division has been established as an independent internal area linked to the Board of Directors, and has the duties in the area of regulatory compliance in addition to the prevention and correction of illegal or fraudulent conduct.

### Artículo 2. Alter

Any amendment to these Regulations must be approved by the Board of Directors.

## TITLE II. COMPLIANCE DIRECTOR

### Artículo 3. The Compliance Director

1. The person ultimately in charge of the Compliance Division will be its Director (the “Compliance Director”), who shall have the faculties necessary to undertake his/her duties.
2. The Company’s Board of Directors is responsible for the appointment and dismissal of 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 shall manage the operations and budget of the Compliance Division and shall also be responsible for executing the corresponding measures and action plans while ensuring that the Compliance Division duly discharges its duties.
5. The Compliance Director shall establish the structure of the Compliance Division under the principle of independent and effective management, while the Board of Directors shall take steps to ensure that the department has the human and material resources needed to carry out its tasks.
6. The Compliance Director shall manage the Compliance Division Office which will consist of representatives freely designated by the Compliance Director from the corporate or business areas.

## TITLE III. FUNCTIONS

### Artículo 4. Duties 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) To oversee the operations, effectiveness and fulfilment of the *compliance* system in the Company and its subsidiaries.
  - c) To 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) To 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 the corresponding steps of investigating and processing complaints.
  - f) To promote the preparation and implementation of the appropriate training and communication programmes in the area of the *compliance* system.
  - g) To establish the tools necessary to ensure the perseverance and record-keeping of actions constituting the *compliance* system.
  - h) To assess, at least once annually, the fulfilment and effectiveness of the *compliance* system in the Company and its subsidiaries.
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 likewise exercise all further powers, whether specific or permanent, that may be entrusted to it by the Company’s Board of Directors or by the Company *By-Laws* or any other corporate governance rules and regulations of the Company.

### Artículo 5. 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

##### Artículo 6. Human capital and material 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.

##### Artículo 7. 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.

##### Artículo 8. 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.

##### Artículo 9. Faculties 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, work and office tools 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 Divisions 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 administrators and professionals when possible and appropriate as to the purpose and scope of the activities.

##### Artículo 10. Duties of Compliance Division members

1. The members of the Compliance Division must act with independence of opinion and action 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 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

##### Artículo 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** Communications addressed to the Ethics Mailbox may be sent by completing an electronic form that the Company will make available.
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* -which pertains to the *Purchasing Policy*- 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*.

##### Artículo 12. Management of the Ethics Mailboxes

1. Management of the Ethics Mailbox and Provider Ethics Mailbox correspond to the Compliance Division.
2. In the exercise of its duties, the Compliance Division must observe the guiding rules and principles which are set out for this purpose in the *Code of Ethics* and *Provider Code of Ethics*.
3. The principles, rules of conduct and guarantees established under this title shall be applicable across the entire case on the infractions processed by the Compliance Division regardless of the manner in which it had been initiated.

##### Artículo 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.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

2. If the matter affects another subholding company or parent company of the Group, the steps to take shall be in accordance with the *Coordination, collaboration and information protocol of the compliance division of Iberdrola España, S.A.U.*
3. The Compliance Division shall not process any communication when the sender has not been identified sufficiently, the data protection requirements have not been met, or when the action reported in the communication constitutes no conduct that could imply the perpetuation of an irregularity, act violating the law or the rules of conduct established under the *Code of Ethics* or *Provider Code of Ethics*, which could bear weight in determining whether to maintain the contractual relationship between the corresponding company and the professional alleged to have committed the violation or, as the case may so require, the provider.
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.

#### Artículo 14. Processing the case

1. Having accepted the communication for processing, the Compliance Division shall undertake the corresponding investigation and handle the case; the collaboration of external advisors is permitted if necessary. If the complaint is lodged against a member of the Compliance Division, this person may not participate in processing the complaint.
2. 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.
3. The hearing process (which shall be held within three months of receipt of the communication) shall at least include, whenever possible, a private interview with the person allegedly responsible for the reported conduct, during which, within the framework of guaranteeing the presumption of innocence, this person shall be informed of the facts under investigation and asked to provide his/her full version of the facts. The department shall afford this person an opportunity to furnish the relevant means of proof and ask him/her questions corresponding to the circumstances of the case and the reported facts. Likewise, full compliance must be made to all pertinent personal data protection legislation.
4. In all investigations, the rights to privacy and to defence, and the presumption of innocence of the investigated persons shall be guaranteed.
5. 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.

#### Artículo 15. Decision on the case

1. After processing the case, the Compliance Division shall issue a justified decision as necessary.
2. If the issued decision concludes that a professional has committed an irregularity or act in violation of the law or applicable rules of conduct specifically pertaining to the professionals of the Company and its subsidiaries, the matter will be transferred to the Human Resources Division for the appropriate application of disciplinary measures, whose adoption and content shall be reported to the Compliance Division.
3. 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.
4. Should the results of the case entail the possible lodging of lawsuits, the Compliance Division shall refer the actions to the Legal Services Department to begin taking the pertinent administrative or legal steps for each case, of which the Compliance Division must be informed.

#### Artículo 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. In any event, such period shall under no circumstances exceed three months following receipt of the report.
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. The users of Ethics Mailboxes may exercise their rights under the applicable personal data protection legislation as established therein.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.