

## **INTERNAL REGULATIONS OF THE AUDIT COMMITTEE**

### **CHAPTER I**

#### **NATURE, PURPOSE AND APPROVAL OF REGULATIONS**

##### Article 1 - Nature and Purpose

1. The Audit Committee ((hereinafter referred to as "Committee") of Neoenergia S.A. (hereinafter "Company") is a permanent and internal committee of the Board of Administration with powers to inform, analyze and submit proposals for the Board of Administration within the scope of its functions described in this document. The purpose of these Regulations is to establish the Committee's functioning, objectives and principles of action.

##### Article 2 - Approval and Amendment

1. These Regulations shall be proposed by the members of the Committee and approved by the Company's Board of Administration.

2. These Regulations may be amended at the request of the Chairman of the Committee or a majority of its members and the approval of the amendments shall be by a simple majority of the members of the Board of Administration.

### **CHAPTER II**

#### **COMPOSITION AND DUTIES OF THE COMMITTEE**

##### Article 3 - Composition and Purpose of the Committee

1. **Composition.** The Remuneration and Succession Committee shall be composed of 5 (five) members, who may be members of the Board of Administration, who may have their alternates. Each member of the Committee shall have sufficient financial experience, especially in the areas of accounting, auditing or risk management, to perform their duties as members of the Committee, and each member shall be able to read and interpret the Company's basic financial statements. The Committee shall have a Chairman who shall be elected from among its members by the Board of Administration, who shall exercise the duties established in these Regulations and others that may be fixed by the Committee. The Committee shall also elect a person from among its members or a non-member to be the Secretary of the Committee, who shall exercise his powers under these Regulations and other guidelines established by the Committee or the Board.

2. **Purpose.** The purpose of the Committee is to assist the Board of Administration in supervising (i) the integrity of the Company's financial statements and internal controls, (ii) the

Company's compliance with legal and regulatory requirements, (iii) the independence and qualifications of the statutory auditor ("Independent Auditor"), and (iv) the Audit, Internal Control and Compliance areas of the Company ("Internal Audit").

#### Article 4 - Duties

1. The Committee, as well as the Internal Audit Area and the Compliance Officer, shall exercise their duties with full autonomy, without prejudice to establishing an adequate basis of information and collaboration on the performance of their duties with the Audit Committee of the controlling company of the Iberdrola Group and its Internal Audit and Compliance Unit, but always in the best interest of the Company.

2. The Committee shall have the following duties:

a) With regard to Internal Audit:

i. to inspect the independence and efficiency of the Internal Audit so that it has sufficient resources and the necessary professional qualification to perform its functions in an optimized way.

ii. to approve the guidelines and annual action plans established by the Company's Internal Audit Officer, and may also consider the guidelines and global plans established by the Internal Audit Director of the controlling company of the Iberdrola Group, in the best interest of the Company.

iii. to propose the Internal Audit budget for approval by the Board of Administration.

iv. to propose to the Board of Administration the appointment, re-election and dismissal of the person in charge of Internal Audit.

v. to inspect the Internal Audit, which will be operationally dependent on the Chairman of the Committee and hierarchically on the Chairman of the Board of Administration, and prepare the necessary information for the meetings which the Committee members will attend. The Internal Audit Officer shall inform the Committee of any incident, accounting irregularity or unlawful act that may occur in the development of the annual activity plan, presenting it at the end of each year together with an activity report.

vi. to receive regular information on the activities carried out by the Internal Audit to ensure that the guidelines and annual action plans are met.

vii. to make the Company's officers comply with the conclusions and recommendations of the Internal Audit reports. The Committee may, at the request of the Chairman or the Secretary, collect information and request the collaboration of any Company officer, who, at the discretion of the members of the Committee, may be notified to the Chairman of the Board of Administration and to the CEO of the Company.

b) In relation to internal control and risk management systems:

- i. To become familiar with and analyze the financial information process and the internal control systems related to the risks of the Company, and to ensure that the Company's main risks are identified, managed and properly reported, thus identifying: (i) different types of risks that the Company may face, including financial or economic risks, contingent liabilities and other risks not arising from balance sheets; (ii) the measures necessary to mitigate the impact of any risk, should any of them materialize; and (iii) the internal reporting and monitoring systems that will be used to monitor and manage such risks, including contingent liabilities or non-balance sheet risks.
- ii. It may analyze, in conjunction with the Independent Auditor, the Internal Audit and the Board of Directors: (a) the adequacy and efficiency of the internal control systems (including any deficiencies or significant changes in the internal controls reported to the Committee by the Independent Auditors), accounting practices, controls and information procedures (and their corresponding management reports) of the Company; and (b) current accounting trends and updates, and to take whatever steps are necessary in that regard.
- iii. To maintain the corresponding relations with the Risk Division of the parent company and with the Risk and Audit Supervision Committee of the controlling company of the Iberdrola Group, always in the Company's best interest.

c) Regarding the Independent Audit:

- i. With regard to the Independent Auditor of the Company, propose to the Board of Administration the conditions for hiring the Independent Auditor.
- ii. To ensure the independence of the Independent Auditor, receiving periodic information on any activity that could put such independence at risk.
- iii. To receive regular reports from the Independent Auditor on matters and updates to accounting and auditing legislation and audit practices in force from time to time.
- iv. To receive annually from the Independent Auditor the written confirmation of his independence from the Company, as well as information on any additional services of any kind provided by the Independent Auditor or by the persons or entities related to him, pursuant to applicable regulations.
- v. To issue annually, prior to the issuance of the Audit Reports, a report on the independence of the Independent Auditor. This report shall deal in all cases with the provision of additional services referred to in the previous paragraph.
- vi. To analyze, in conjunction with the Independent Auditor, significant deficiencies in the internal control system that can be detected and revise the content of the Audit Reports before they are issued, avoiding post-ready exceptions and evaluating the results of each audit, verifying the Company's Board of Director's response to their recommendations.

vii. To serve as a channel of communication between the Board of Administration and the Independent Auditor, from whom the Committee will receive regular information on the audit plan and the results of its execution.

d) In relation to the process for preparing the Company's financial information:

i. To supervise the process for the preparation and integrity of the Company's economic-financial information. In this regard, the Committee shall cause the interim financial statements to be prepared in accordance with the same accounting standards of the annual financial statements, proposing changes in accounting practices and policies in accordance with the Company's general accounting policies and policies.

ii. To obtain and analyze the approvals of the administration of the Company's periodic financial reports regarding laws, regulations and other applicable standards as to the content and preparation of such financial reports.

iii. To verify compliance with the legal requirements and the correct application of the accounting and financial information principles and practices that may be applicable in relation to the Company's Annual Accounts.

e) Regarding compliance with applicable legal requirements and governance practices and with the prevention and correction of illegal or fraudulent conduct:

i. To receive information from the Compliance Officer, in relation to any relevant matter, regarding regulatory compliance and the prevention and correction of illegal or fraudulent conduct.

ii. To review, through the Compliance Officer, the Company's internal policies and procedures to ensure their effectiveness in preventing non-appropriate conduct, and identify possible policies or procedures that are most effective in promoting the highest ethical standards for the Board of Administration's consideration. In particular, inform the Board of Administration of the proposals for approval and modification of the Regulations of the Compliance Area of the Company.

iii. To review and ratify the annual budget of the Compliance Area, for consideration by the Company's Board of Administration, and to require the Company to have the human and material resources necessary to carry out its duties, ensuring its independence and efficiency.

iv. To approve the Annual Plan of activities of the Compliance Area.

v. To inform the proposals for the appointment of the Compliance Officer, after a favorable recommendation from the Remuneration and Succession Committee.

f) Regarding cases of irregular or undue financial conduct:

i. In coordination with the Company's Compliance Area, it may establish and supervise channels that allow Company employees to communicate confidentially and, as necessary, anonymously, any irregularities, especially those of a financial and accounting nature, which they may have witnessed in the Company, considering in each case the applicable regulations regarding the protection of personal information and the basic rights of the parties involved.

ii. To carry out the necessary investigations regarding the claims of third parties against the Company or irregular or anomalous conduct, in accordance with the provisions of the paragraph above.

iii. To inform the Board, before it makes the necessary decisions for the creation and acquisition, by the Company or its subsidiaries, of shares in special purpose companies or entities domiciled in countries or territories considered as tax havens, as well as any other transaction or an operation of a similar nature that, due to its complexity, may call into question the transparency of the Company and the Iberdrola Group.

3. Likewise, the Committee may assume other duties that, when applicable, are assigned to it by the Board of Administration.

#### Article 5 - Scope of Duties. Information to the Board of Administration

The Chairman of the Committee shall inform the Chairman of the Board of Administration of the activities of the Committee and any action taken or recommendation made during its meetings prior to the first meeting of the Board of Administration following the meetings of the Committee.

#### Article 6 - Annual Report

The Committee will submit for the approval of the Board of Administration an Annual Report of its activities, resulting from the previous year, until the disclosure of the annual results of the companies of the Neoenergia Group. This Report will then be available to the Company's shareholders on the Company's website.

#### Article 7 - Services of Outside Experts

1. The Committee may access information, documents, accounting and non-accounting records, contracts, among other information and documents of any nature that it deems necessary to carry out its activities. It can also get advice from outside professionals for the best performance of its duties. Such professionals should submit their reports directly to the Chairman of the Committee.

2. The engagement of these professionals shall be done in accordance with the provisions of the Company's Bylaws, as well as the procedures, policies and/or internal instructions of the Company.

## **CHAPTER III**

### **APPOINTMENT AND DISMISSAL OF MEMBERS**

#### Article 8 - Term and Investiture

1. The members of the Board of Administration appointed to the Committee shall exercise their duties in the Committee for the duration of their term of office as Directors of the Company, unless otherwise determined by the Board of Administration.
2. The members of the Committee shall be considered in their positions in the Committee on the respective dates of their appointments by the Board of Administration. The members who constitute the Committee and who are reelected as Board Members of the Company will remain in their positions in the Committee, without the need for a new election.

#### Article 9 - Dismissal

The members of the Committee shall be immediately dismissed from their office:

- a) when, for any reason, including resignation or dismissal, they cease to exercise the duty of Board Member of the Company; or
- b) by decision of the Board of Administration.

## **CHAPTER IV**

### **MEETINGS OF THE COMMITTEE**

#### Article 10 - Meetings

1. The Committee shall meet as often as necessary at the discretion of the Chairman of the Committee to meet its commitments, but at least 4 (four) times a year and also when requested by at least half of its members.
2. The Chairman of the Board of Administration or the Chief Executive Officer of the Company may request informational meetings with the Committee.
3. It shall be incumbent upon the Chairman of the Committee to propose and submit for approval, until the last meeting of the current year, the calendar of the regular meetings for the following year.

## Article 11 - Call for Meeting

1. The Chairman of the Committee, or the Secretary, at the request of the first, shall send a call for the meeting by letter, fax, telegram, e-mail or any other appropriate means addressed to its members indicating the place, date and time of the meeting, as well as the agenda to be discussed and providing the available documents necessary for the assessment of the items in the agenda.
2. The call must be provided at least **two** business days in advance, unless there is a need for an urgent meeting duly justified.
3. No prior call shall be required if all its members or their alternates are present or represented and unanimously accept the holding of the meeting and the discussion of the items in the agenda.

## Article 12 - Quorum, Attendance and Adoption of Agreements and Recommendations

1. At least 4 (four) members of the Committee or their respective alternates shall be necessary and form a quorum for the installation of a meeting of the Committee on first call, and of least 3 members on second call, which shall be convened up to one more working day after the previous meeting not established.
2. The meeting shall be chaired by the Chairman of the Committee, and if the Secretary is not present, another member of the Committee or the representative of the Secretary, as provided in Article 13 below, shall be appointed by the Chairman of the Committee to act as Secretary during the meeting.
3. The Audit Committee may hold meetings in several places connected by systems that allow the recognition and identification of those present, permanent communication between those present regardless of where they are, as well as intervention and voting, all in real time (including video conferencing systems, audio conferencing or any other similar systems). Members present at any of the interconnected places will be considered as attending the same and single meeting of the Remuneration Committee. It is understood as the meeting place where the largest number of members are and, in the case of a tie, where the President is or whoever, in his absence, chairs the meeting. The chair of the meeting may also be held by videoconference, audio conference or any other similar system.
4. All actions taken by the Committee shall be adopted by a majority of the votes of the members present at the meeting or represented. In the event of a tie, the Chairman shall have the casting vote.
5. The matters analyzed by the Committee shall be the object of reports and proposals that will not bind the Board of Administration's resolution.
6. The Secretary of the Committee shall record the result of the meeting in its own minutes, which shall be, after the meeting or at the beginning of the immediately subsequent meeting, reviewed and signed by the members present at the meeting or their representatives.

7. Any necessary action may be taken by the Committee without a meeting, if at the request of the Chairman of the Committee, all members of the Committee consents in writing, by letter, fax, telegram, e-mail or any other appropriate means. The written consents of the members of the Committee shall be filed together with the minutes of the meetings of the Committee.

8. The Committee member who actually, and in accordance with the law, has a conflict of interest with a matter to be considered in the Committee of which he is a member shall inform the Chairman of the Committee of this circumstance and shall not receive only that piece of information on the subject that generates the conflict, because the information to be provided may contain sensitive data, as well as not participate in the portion of the meeting in which the matter is being assessed, but may be invited to provide information. The Committee member who has been considered in a conflict of interest may object to the Chairman of the Board of Administration, who shall resolve the matter.

#### Article 13 - Representation and Attendance

1. A member of the Committee who is unable to attend a particular meeting of the Committee shall inform the Chairman of the Committee prior to the meeting, through the Secretary, of the name of his alternate, who may represent him exclusively at that meeting.

2. At the request of the Chairman of the Committee, the other Directors may be invited to attend meetings, without the right to vote.

3. The Chairman of the Committee may also request, through the Secretary of the Committee, a copy, at his discretion, to the Chairman of the Board and to the Chief Executive Officer of the Company, the attendance of any director, manager or employee of the Company, as well as any member of the boards of administration of companies in which the Company has a stake, whose appointment has been proposed by the Company, provided there are no legal impediments to such.

4. The Committee may request the presence of both the Independent Auditor of the Company and the auditor of any entity related to the Company in its meetings, provided there are no legal impediments for such.

## **CHAPTER V**

### **COMPLIANCE, INTERPRETATION AND INTEGRATION OF THE REGULATIONS**

#### Article 14 - Compliance

1. The members of the Committee, as well as the other Board Members, have the obligation to know and comply with these Regulations, and to this end, the Secretary of the Board of Administration shall provide them with a copy thereof.

2. In addition, the Committee, in particular its Chairman, shall be bound to observe the compliance with these Regulations, taking all necessary measures to that end.

## Article 15 - Interpretation, Integration and Term of Regulations

1. Doubts or differences in the interpretation of these Regulations shall be resolved by a majority of the votes of the members of the Committee itself or, in case of a tie, by the Board of Administration of the Company. The interpretation and resolution of any doubts and disagreements by the Committee itself should be reported to the Board of Administration.
  
2. In the absence of specific rules, the provisions of the Company's Bylaws and the Internal Regulations of the Board of Administration regarding the operation of the Board of Administration, provided they are not incompatible with their nature and function, shall apply to the Committee. The members of the Committee shall apply in full the provisions contained in Law 6404/76, as amended, especially those that refer to the responsibilities, duties, obligations, limits, impediments and prohibitions to the Company's administrators.
  
3. These Regulations shall enter into force on the date of their approval by the Company's Board of Administration, and shall be published on the Company's website for its disclosure.