Quality Policy

20 December 2022

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The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).

In fulfilling these responsibilities, and aware that outstanding management of all processes and resources of the companies belonging to the Group is an indispensable tool in the sustainable creation of value for all of its Stakeholders and for compliance with the provisions of the Purpose and Values of the Iberdrola Group, the Board of Directors hereby approves this Quality Policy (the “Policy”).

1. Purpose

The purpose of this Policy is to develop the instruments of the Group to strengthen the competitiveness of the energy products and services supplied through efficiency in energy generation, transmission and distribution processes, paying special attention to excellent management of processes and resources.

By developing these instruments, the Group strengthens its sustainable growth model within the context of the culture of excellence and quality management procedures, thus contributing to the achievement of goals seven, nine and twelve of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The Company conceives of quality as one of the basic principles making up the third of the corporate values of the Group, namely, driving force, which reflects its commitment to innovation and seeks to make into reality small and large changes that make life easier for people through efficiency, self-discipline and the constant search for ongoing improvement, which encompasses a commitment to other values like simplicity, agility and foresight.

The Group’s model of value creation is based on three strategic pillars: profitable growth, operational excellence and optimisation of capital, with the people to whom the Group supplies energy, i.e. with its customers, as the central element of all of its activities. In this context, the ultimate aim of the Group’s sustainable and shared value creation model goes beyond the mere generation of profitability and also aspires to act as an engine and lever for social change.

The Company, through its Innovation, Sustainability and Quality Division (or such division as may hereafter assume the duties thereof), supports and coordinates the implementation, monitoring and verification of compliance with this Policy by all of the companies of the Group.

2. Scope of Application

This Policy applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this Policy and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company. This Policy shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (uniones temporales de empresas) and other equivalent associations, if the Company assumes the management thereof.

3. Main Principles of Conduct

To achieve the aforementioned goals, the Group adopts and promotes the following main principles of conduct that inform all of its quality activities:

a. improvement in the satisfaction of the customer, both internal and external, which is a central element of the Group’s activities and of the design and configuration of its products and services, such that they meet or exceed the expectations thereof;

b. the drive towards operational excellence, strengthening a culture of continuous improvement and excellence in management in order to increase competitiveness and the creation of value for the workforce, the shareholders and other Stakeholders of the Company;

c. advancement of quality management systems, giving priority in the implementation thereof to contributing value to the various organisations of the Group. In particular, the transformation of the energy model towards greater electrification and the impact of digitalisation and the new business models on the activities of the Group make it necessary to continuously evaluate the tools supporting the processes, including quality management systems, in order to achieve operational excellence and excellence in management;

d. a focus on the Stakeholders of the Company, working to identify and satisfy or even exceed their expectations; and

e. the commitment of all of the Group’s professionals by means of teamwork, an appropriate flow of information, internal communication, training, equality of opportunity and recognition of achievements.
4. Quality Model of the Company

The Company's quality model forms part of the Group's Business Model, established through a global quality management system that coordinates and supervises the quality management systems of the various corporate areas and businesses of the Group to take advantage of the synergies deriving from belonging thereto and driving compliance with the main principles of conduct referred to above. As part of such model, in order to properly supervise compliance with the provisions of this Policy, the Group has quality guidelines approved by the Company's Innovation, Sustainability and Quality Division, which define the strategic global quality lines, consistently with the main principles of conduct set out above and with the commitment to ongoing improvement, and which are communicated to the companies of the Group, which further develop and specify them in quality goals and challenges among their various organisational levels, respecting the corporate and governance structure of the Group.

Furthermore, to ensure homogeneous quality practices and levels within the Group, the Company's Innovation, Sustainability and Quality Division has also approved a manual and a set of general quality procedures, as well as a global scoresheet that regularly monitors the goals and action plans of the various corporate areas and businesses.

This Policy was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 December 2022.