



Quality Policy



28 March 2019

The Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”), a leader in the energy sector, believes that outstanding management of all processes and resources of the companies belonging to the group of companies of which Iberdrola is the controlling entity, within the meaning established by law (the “**Group**”), is an indispensable tool in the creation of value for all of its stakeholders and for compliance with the provisions of the *Purpose and Values of the Iberdrola group*.

From this perspective, the Board of Directors conceives of quality as one of the basic principles making up the third of the corporate values of the Group, 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.

1. Purpose

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. Combining this model with digitisation and innovation, the Group contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

Specifically, this *Quality Policy* seeks to contribute to the Groups’ sustainable growth model within the context of the culture of excellence and quality management procedures, thus contributing to goals seven, nine and twelve of the Sustainable Development Goals (SDGs).

In this regard, pursuant to the provisions of the *General Sustainable Development Policy*, the purpose of this policy is to develop the instruments of the Group to strengthen the competitiveness of the energy products supplied through efficiency in energy generation, transmission and distribution processes, paying special attention to excellent management of processes and resources. The Company supports and coordinates compliance with this *Quality Policy* by all the companies of the Group through the Innovation, Sustainability and Quality Division, which is subordinate to the Chairman’s Office.

2. Main Principles of Conduct

To achieve these goals, the Group accepts and promotes the following main principles 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 shareholders, the Group’s professionals and other stakeholders.
- c. Advancement of quality management systems, giving priority in the implementation thereof to contributing value to the various organisations of the Group. The transformation of the energy model towards greater electrification and the impact of digitisation 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.
- d. A focus on other stakeholders of the Group, working to identify and satisfy or even exceed their expectations.
- 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.

3. Iberdrola’s Quality Model

Iberdrola’s quality model forms an integral 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 *Quality Policy*, the Group has quality guidelines approved by Iberdrola’s Innovation, Sustainability and Quality Division, which defines the strategic global quality lines, consistently with the basic principles 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 their corporate and governance structure.

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

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This *Quality Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 28 March 2019

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