

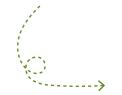




Why is supplier sustainability important to Iberdrola?







Sustainability is a key value for Iberdrola, both because of the demands and assessments made by our stakeholders (shareholders, financial institutions, customers, etc.), which help us to positively differentiate ourselves, and also because of our own sense of corporate responsibility by contributing to improving the society in which we live, which is in Iberdrola's DNA.

The Iberdrola group has assumed the ambitious undertaking that 85% of its collaborator companies must be subject to sustainable development policies and standards by 2025.



How do we do it?

We apply our own model supported by a global supplier management platform that enables us to measure supplier sustainability to be able to use this parameter in the procurement decision-making processes. We help suppliers who do not reach adequate levels by sending them an improvement proposal.









Model

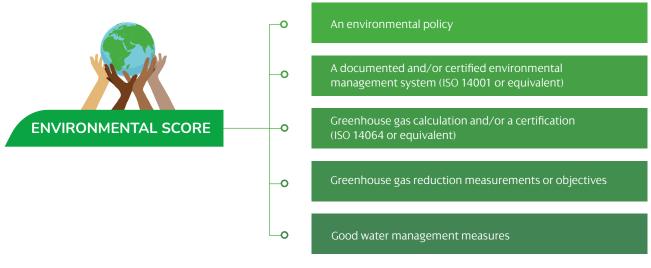
The Iberdrola Procurement Division has designed its own model to assess the positioning and development of each main supplier based on the three main components of Sustainability: environmental, social and governance (ethical and compliance), aligned with the principles of our Code of Ethics.

The model has been agreed to by internal stakeholders: the Departments of ESG, Compliance, Innovation Sustainability and Quality, and has also been validated by Forética, an external organization specialized in this area.

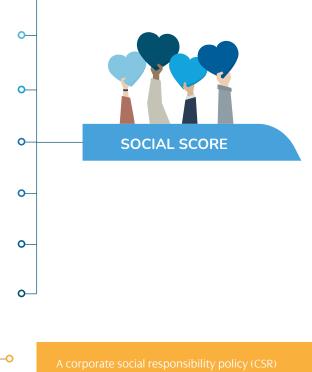




Examples of ESG factors assessed









ESG standards included in suppliers and third parties

Own code of ethics or conduct and a compliance system

Communication channels with stakeholders

PLATFORM 0-We have selected the GoSupply cloud solution as our system for the classification and measurement of suppliers' risks and sustainability. Each supplier's ESG score is calculated based on information supplied by the suppliers themselves and third parties. UPDATE O We use GoSupply to assess and drive **⊘**IBuy our supply chain to achieve higher sustainability standards.

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O DECISION-MAKING

→ MEASUREMENT

main collaborator companies must be subject to sustainable development policies and standards by 2025. Requirement: (E) (S) (G) ≥ 51 points

E $\geq 30\%$ **S** $\geq 30\%$ **G** $\geq 30\%$

INTEGRATION IN PROCUREMENT

Our suppliers' ESG score is part of the IBUY process, the Iberdrola Procurement platform. Our buyers analyse the score along with the other risks at key points in the process (invitation to take part in a tender process, closing negotiations and awards).

the required standards run the risk of being dropped as Iberdrola suppliers.

In the mid-term, companies that do not reach

adequate for a long-term relationship with Iberdrola.

Improvement plans We drive our suppliers to be **more sustainable**. We give suppliers that are technically valid

During the period 2020-2022, we have sent more than 1000 plans with more than

We send customised improvement plans to suppliers whose level of compliance is not

and economically competitive the opportunity to comply with ESG aspects.

50 % success (suppliers that improved until they are deemed sustainable).







