

# Supplier Sustainability Assessment Model



Why is supplier sustainability important to Iberdrola?

85%

SPECIFIC TARGET FOR 2023-2025

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 the improvement of the community where we live, which is in Iberdrola's DNA.

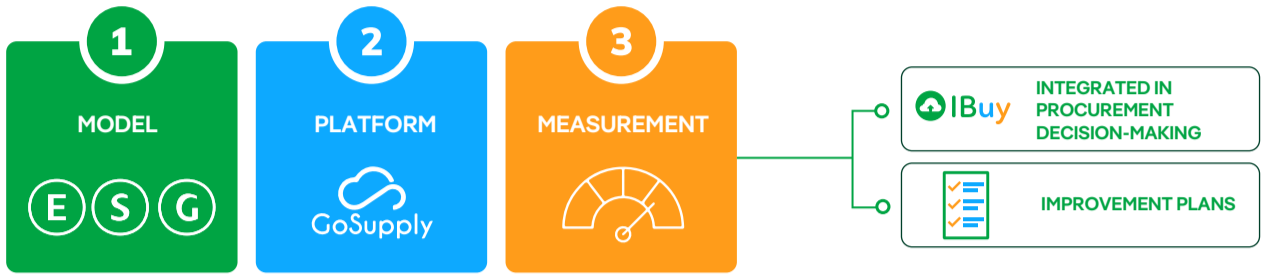
The Iberdrola group has assumed the ambitious undertaking that **85% of the Group's main\* suppliers must be subject to sustainable development policies and standards by 2025.**

\*Group's main suppliers: any supplier that has been awarded over 1 million euros during the year. In 2023, more than 95% of the total amount was awarded to main suppliers.



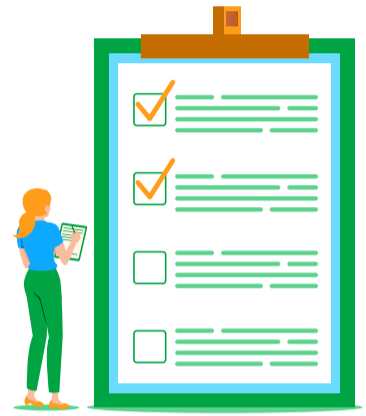
## How do we do it?

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 (ethics and compliance), aligned with the principles of our Code of Ethics. The model has been agreed to by internal stakeholders: ESG, Compliance, Innovation, Sustainability and Quality, and has also been validated by Forética, an external organization specialized in this area.

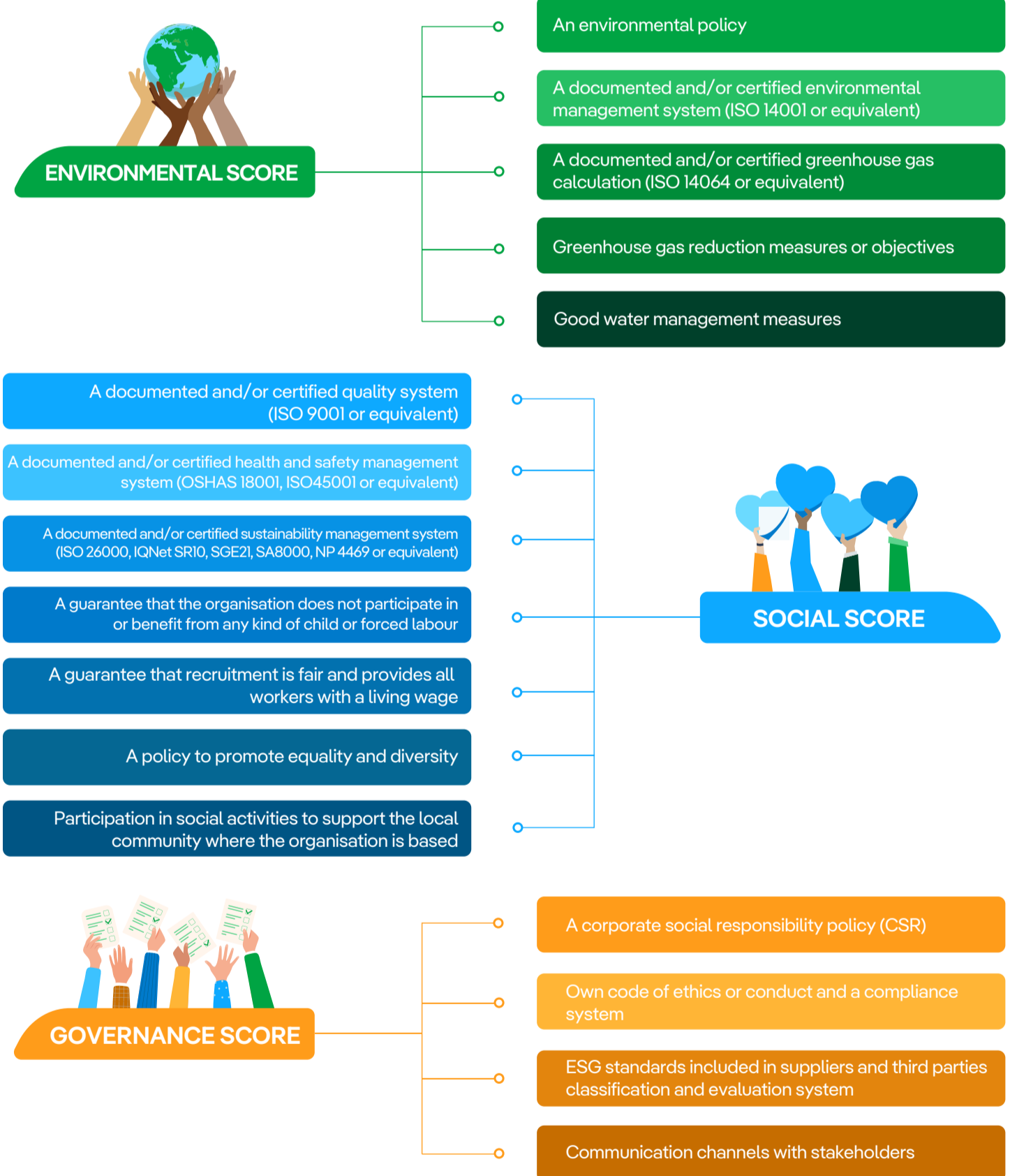


## What is our sustainability assessment model?

The model measures 43 variables within the following weighting between the three ESG areas:



## Examples of ESG factors assessed



## PLATFORM

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

We use GoSupply to assess and drive our supply chain to achieve higher sustainability standards.

## MEASUREMENT

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

Requirement: **E** ≥51 points  
**E** ≥30% **S** ≥30% **G** ≥30%

## INTEGRATION IN PROCUREMENT DECISION-MAKING

Our suppliers' ESG score is part of the IBuy platform, 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). In the mid-term, companies that do not reach the required standards run the risk of being dropped as Iberdrola suppliers.

## Improvement plans

We drive our suppliers to be **more sustainable**. We give suppliers that are technically valid and economically competitive the opportunity to comply with ESG aspects.

We send **customised improvement plans** to suppliers whose level of compliance is not adequate for a long-term relationship with Iberdrola.

During the period **2020-2023**, we have sent **more than 1,000 plans with more than 64% success** (suppliers that improved until they are deemed sustainable).

