



*“Contribution
to the Iberdrola
group’s
sustainability”*

Procurement and Supplier management activity report

2024-2025

June 2025





Message from the Procurement and Services Director

Record investments driving the energy transition

Iberdrola supplies energy to over 100 million people across dozens of countries, being a driver of progress, modernisation, investment and commitment. We foster innovation throughout our business operations to deliver quality services, creating employment opportunities and enhance quality of life every region we operate. Our purpose is to build an electric, healthy and accessible energy model, centred on the well-being of people and the preservation of the planet.

Within Iberdrola, the Procurement function remains a strategic lever to accelerate energy transition, foster innovation and generate shared value. In a year marked by record investments exceeding €17 billion and accelerating electrification across the economy, we reinforce our commitment to sustainability, resilience and operational excellence.

Forma libre: forma 2024089553, Cuadro de textoDuring 2024, Iberdrola expanded its global leadership with key milestones including the growth of networks in the United States, the United Kingdom, Spain and Brazil, as well as progress made on flagship projects such as Vineyard Wind or Eastern Green Link. The Purchasing team played a vital role in this growth by ensuring the supply of critical equipment, anticipating supply needs for these projects until 2030 and establishing early partnerships with strategic suppliers to enhance competitiveness and “time to market”.

Strategic Response from Procurement to Ensure Project Execution in an Uncertain Global Environment

The complexity of the global landscape has intensified in recent years, driven by rising tariffs and geopolitical tensions, that have escalated to armed conflicts with uncertain outcomes. These dynamics are disrupting supply chains, increasing the cost of key raw materials and amplifying volatility across international markets.

Simultaneously, the sector faces mounting challenges in both supply chains and labour. A shortage of qualified personnel— particularly for executing distribution and transmission and networks projects —and the rising in labour costs in several of our operating regions are placing more pressure on operations. Market concentration and regulatory constraints are further limiting the availability of key suppliers, resulting in extended lead times.

Iberdrola's Procurement function has responded with agility and coordination to ensure the timely and effective execution of projects. We have strengthened our planning process, diversified our supply base, established strategic agreements with some of our key suppliers, and prioritized technical collaboration to enhance competitiveness and reduce time to market.

Aligned with Iberdrola's commitment to delivering social dividends, our procurement strategy continues to generate positive economic and social impact. In 2024, Iberdrola made purchases totalling €18 billion from approximately 20,000 suppliers, supporting employment for over 500,000 professionals worldwide.

Sustainability as a driver of supply chain transformation

Sustainability continues to be a core pillar of our strategy. We have raised the sustainability Supply Chain Sustainability remains a cornerstone of our strategy. In 2024, we elevated the Supply Chain Sustainability objective to 85% for our main suppliers, aligning their practices with Iberdrola's environmental and social commitments. In addition, we actively support initiatives such as the First Movers Coalition and Steel Zero, and we are preparing to meet the requirements with the Corporate Sustainability Reporting Directive (CSRD), the CBAM requirements, as well as the Corporate Sustainability Due Diligence Directive (CSDDD), all of which will reshape sustainability management across global supply chains.

Looking ahead to 2025, electrification is solidifying its role as a driver of growth, competitiveness, and employment. According to the International Energy Agency, global electricity demand will grow by 4% annually through 2027. The Procurement Division is fully prepared to support this transformation by ensuring responsible sourcing, promoting innovation, and strengthening our supplier network.

Our commitment is clear: anticipation, collaboration and leadership. These principles will guide us as we continue building together -with our supply chain- a more competitive, inclusive and sustainable future.



José Ignacio Sánchez-Galan García-Tabernero
Procurement and Services Director

Procurement as a vital lever for Iberdrola in advancing the energy transition, creating jobs and decarbonisation.

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01

Presentation



1. Presentation

Mission

The mission of Iberdrola's Procurement and Services Division is to manage the procurement of equipment and material (except power and fuel), as well as construction and service contracts across the Group. This is carried out with the alignment with the strategic targets set by the Board of Directors, with a focus on cost efficiency, strategic alignment, internal regulations, sustainability, ethics and compliance with the applicable.

Guided by the goal of creating value for all stakeholder, the Procurement Division integrates and promotes Iberdrola's values and commitments to ethics and social responsibility in its daily operation. This principles are embedded in the Group's Code of Conduct for directors, professionals, and suppliers, and are reinforced the Governance and Sustainability System.

The procurement process is designed to ensure transparent, comprehensive and responsible supply chain management. This approach has enabled Iberdrola to confidently navigate globalisation and international expansions, ensuring that our ethical and responsible business standards are upheld by suppliers regardless of their global location or area of activity.

In responding to both internal and external demands, the Procurement Division is proactive developing new capabilities and engaging with suppliers from their first interaction with the Group. Suppliers are recognized as strategic stakeholders for the Iberdrola's long-term success.





02

Procurement in the Iberdrola Group

2. Procurement in the Iberdrola Group

Values of the Procurement function

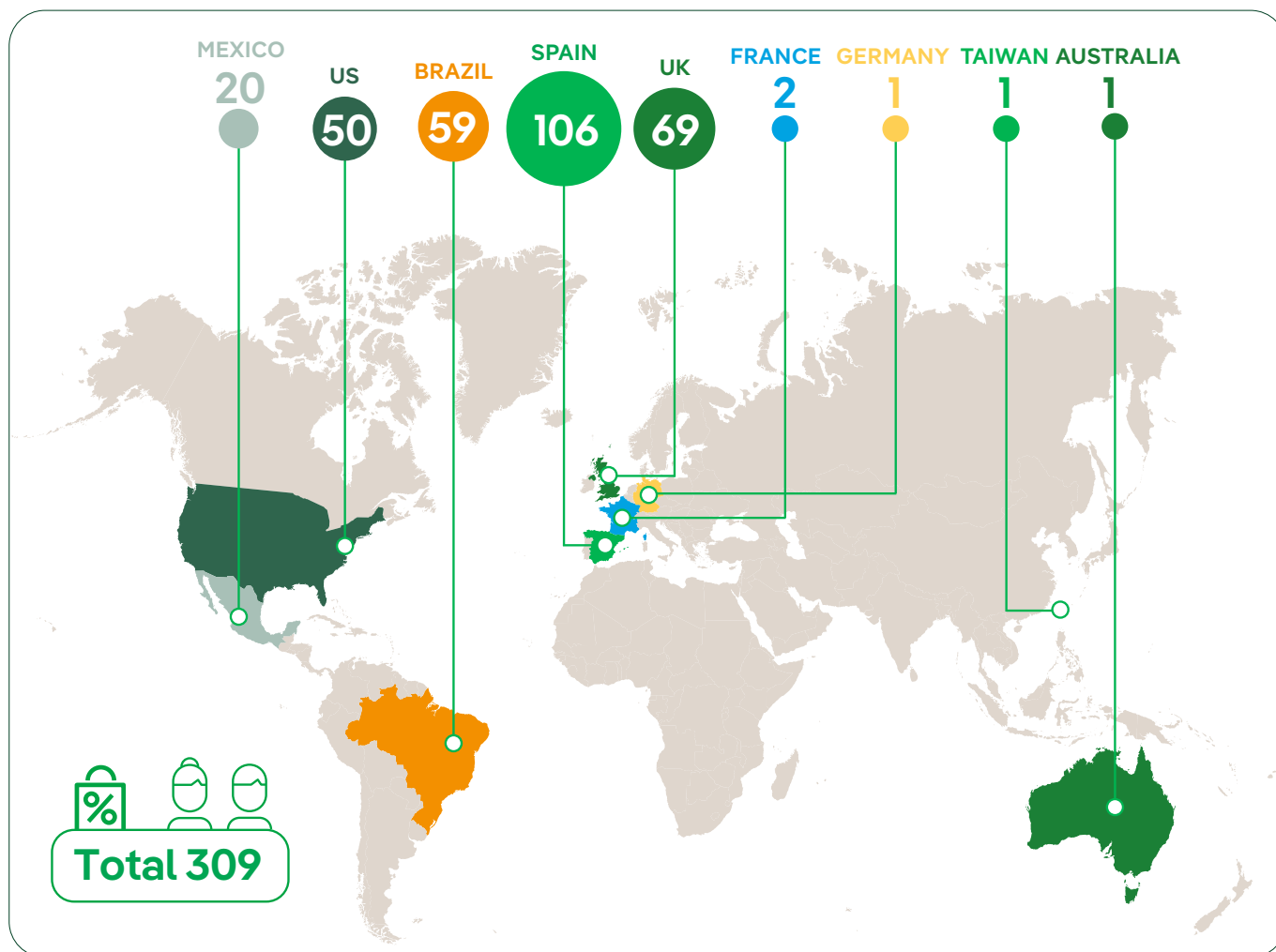
Iberdrola's Procurement function is centralised, enabling the Group to leverage synergies and apply best practices consistently across all business areas. This model is built on four core values:



The organisation of Procurement

The Procurement organisation comprises over 340 professionals, combining centralised management with strong local roots. This structure allows Iberdrola to benefit from both global coordination and proximity to operations, drawing on local talent and deep integration with corporate and industrial fabric of the countries in which we operate.

Geographical distribution of Procurement staff December 2024



Iberdrola's Procurement team is primarily structured around a category management model, enabling specialization by product or service type. This structure allows procurement managers to develop deep market and product expertise, fostering stronger collaboration and driving joint innovation with suppliers. This also forms the foundation for establishing strategic alliances with key partners to secure critical supplies aligned with the Group's long-term investment plans. This approach not only enhances internal efficiencies and cost-effectiveness but also ensures that purchasing categories are closely aligned with the strategic priorities and operational needs of each business area. As a result, Procurement contributes directly to Iberdrola's growth, competitiveness, and long-term value creation.

Purchasing Management



The Procurement Division is coordinated at a global level, enabling the **identification of synergies** and the **strategic alignment** of purchasing decisions across all business units. This centralized oversight ensures consistency, enhances efficiency, and supports the Group's long-term objectives through unified procurement strategies.

Priorities of the Procurement Division

The current priorities of the Procurement Division include:

- **Supply assurance:** The current environment continues to be marked by high volatility and uncertainty. While 2024 saw some easing in energy costs, inflation, and interest rates, the geopolitical landscape has grown more complex, with a strategic reshuffling of global leadership. In a period characterized by the rapid succession of major crises and limited visibility into their resolution, 2025 has introduced new geostrategic and commercial tensions- particularly in the intensifying rivalry between the US and China and the escalation of hostilities in the Middle East.

These developments are directly impacting the management of supply chains and, more broadly, the strategic reorientation of companies. In addition to the ongoing war between Ukraine and Russia, and the conflict in the Middle East, shifting alliances among geopolitical blocs are contributing to persistent disruptions in the supply chains for equipment and raw materials.

Furthermore, the rise of artificial intelligence and the growing energy demand linked to new data centres are heightening the need to reinforce existing energy infrastructure and deploy more efficient, interconnected networks that ensure supply.

As a result, costs remain elevated, with occasional spikes in raw material prices and extended lead times for key equipment, especially in transport and energy distribution infrastructure. To address this, Iberdrola continues to strengthen the equipment procurement and service contracting strategies, initiated in previous years, to ensure the availability of critical components. Purchasing departments across

businesses and countries have annual objectives to establish long-term alliances or agreements with strategic suppliers, securing the availability of critical equipment and services to meet current investment plans.

- **Supply chain development:** In addition to ensuring supply chain continuity, the Procurement Division is advancing several initiatives to improve competitiveness and transparency by enhancing visibility across the value chain.

One initiative focuses on identifying potential services for specific equipment and geographical areas to complement existing capabilities.

Another initiative aims to provide visibility to supply chains beyond our Tier-1 suppliers and identify existing risks. This approach is particularly relevant in the most innovative product categories for Iberdrola, such as those related to battery storage, or in areas where there is a clear imbalance between supply and demand.

- **Sustainability:** Sustainability is embedded Iberdrola's DNA and extending this commitment across the supply chain is one of our key priorities as a leading company in the market. That is why for the 2023-2025 period, suppliers are expected to incorporate in their production process carbon footprint measurement and reduction targets, transition to 100% renewable energy in their production processes, and begin decarbonizing their operations. Iberdrola Group will prioritise purchases from key suppliers that implement these measures, to attain the goal of 85% of purchases from sustainable suppliers. The Procurement teams across the business units and countries have annual targets for improving their suppliers' sustainability performance.
- **Health and Safety:** Iberdrola is committed to ensuring the health and safety of its employees, contractors and subcontractors, with the goal of achieving zero accidents and creating healthier workplaces. Iberdrola has implemented a strategic Occupational Health and Safety plan that includes both preventive measures and accident indicators. The Procurement teams have annual targets for reducing hazard rates in both our own staff and contractors and subcontractors.
- **Supply Chain Risk Mitigation and Resilience:** Measuring and mitigating the various risks, including credit, cyber, reputational, operational risks, is a key function of the Procurement Division. These efforts coupled with supply security and supplier development goals, enable Procurement to deliver value to the business.
- **Efficiency:** Cost savings are a core value added by a centralised procurement organisation. By optimising procurement costs, Net Operating expense can be improved and the cost of investments reduced. The purchasing divisions of the businesses and countries have annual savings targets.
- **Competitiveness:** The growth of our businesses is subject to increasing competition. Procurement plays a critical role in selecting the right suppliers and optimising costs. The Procurement divisions of the businesses and countries have annual targets to contribute to the growth of their respective businesses.
- **Internal Customer Satisfaction:** Procurement negotiates and optimises contracting for the different businesses and corporate areas. Internal customer satisfaction is measured annually. Since one of the recurring concerns of these departments is the duration of the procurement process, the Procurement departments across businesses and countries have defined specific action plans to improve lead times and increase internal customer satisfaction.
- **Digital Transformation:** Procurement is leveraging the digital tools available to optimise its processes and support broader strategic goals. In this regard, objectives are set for procurement systems (iBuy, etc.) process automation and robotisation, and optimisation of data use through business intelligence tools to enhance data-driven decision-making.
- **Governance and compliance:** A robust governance framework ensures that all procurement activities comply with the guidelines established in Iberdrola's corporate policies. Procurement support systems make it possible enhance process integrity, enabling the identification of deviations and the implementation of corrective actions.

Each year, performance targets aligned with these priorities are defined for procurement leaders across the organization. These targets are linked to the Procurement team's variable remuneration reinforcing accountability and strategic alignment.

Key figures: volumes, countries, supplies, suppliers and contributing to society

The chart below shows the amounts billed by our suppliers to Iberdrola group for the purchasing of equipment, materials and the contracting of works and services, broken down by geographic area:

GENERAL SUPPLY OF EQUIPMENT, MATERIALS, CONSTRUCTION WORK AND SERVICES (MILLIONS OF EUROS)	2024 ¹	2023	2022
Spain	2,469	2,602	2,711
United Kingdom	2,972	2,077	1,334
United States	4,469	3,646	3,360
Brazil	1,746	2,160	2,143
Mexico	210	362	439
Iberdrola Energía Internacional (IEI)	939	1,737	1,546
Total	12,805	12,584	11,533

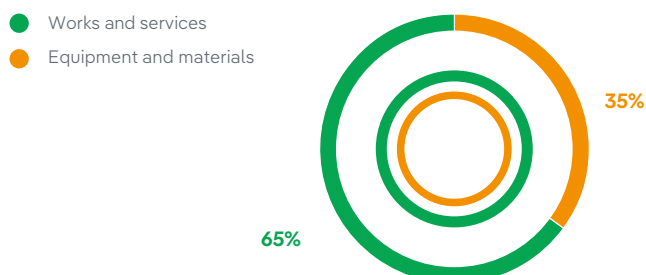
In 2024, the Group's annual purchasing volume increased by 2% compared to the previous year, reaching a record figure of 12.805 billion euros. This high level of supplier engagements with suppliers reflects the Iberdrola's continued investment efforts, particularly efforts, particularly in wind energy projects—both offshore and onshore—, solar photovoltaic energy, and electricity distribution networks. These activities were especially prominent in Spain, the United Kingdom, the United States, and Brazil.

In 2024, the Group's main suppliers were, in alphabetical order:

- Eiffage
- Elecnor
- General Electric
- Hitachi
- Prysmian
- Quanta Services
- Siemens Energy
- Trina
- Vestas
- Windar

1. Volume invoiced in the year. Amount awarded in 2024: 17,852.9 €M

Distribution of purchases by supply type in 2024:



There were no significant changes in the company's supply chain during 2024.

Contributing to society: local purchases, creation of job creations and tax contribution

Iberdrola continues to pursue a strategy of developing local suppliers for its strategic procurements, which has allowed for the maintenance of a strong industrial base in the geographies in which it operates.

At the end of 2024, purchases from local suppliers² amounted to 87.8%, broken down as follows:

ACQUISITION OR CONTRACTING MATERIALS, EQUIPMENT, WORKS AND SERVICES FROM LOCAL SUPPLIERS (%)	2024	2023	2022
Spain	96.3	91.1	83.8
United Kingdom	68.4	73.9	81.3
United States	95.9	93.5	93.7
Brazil	99.5	99.5	99.6
Mexico	86.0	73.8	59.9
IEI	67.2	80.7	73.9
Total	87.8%	88.5	87.1

The high volume of purchasing in the countries where Iberdrola places its contracts act as a powerful driver of economic growth, supporting business, industrial, and social development. This translates into job creation not only within supplier companies but also across their support industries and associated service companies. Considering both direct and indirect employment and induced impact, Iberdrola generates an estimated annual employment impact of around 500,000 jobs worldwide, while its global own workforce is 42,200 people.

In 2024 Iberdrola also increased its contribution to public finances by 8%, exceeding 10.3 billion euros in the countries and territories where it operates, becoming a major driver of employment and economic prosperity in those regions. Notably, Iberdrola's global contribution to GDP exceeded €52 billion, an increase of 14% compared on the previous year.

Procurement process transparency

The Procurement Division ensures equal opportunities by applying objective and impartial criteria in its relationships with suppliers. We promote openness and competition in the selection processes as a core principle of efficient management.

To reinforce transparency, the request and receipt of bids, as well as the price negotiation with suppliers, are exclusively managed by the Procurement organization or, where applicable, the corresponding business delegate.

Annual indicators are used to evaluate the transparency of the procurement process. These include the use of competitive and transparent closing mechanisms, such as “sealed bids” and electronic auctions during final negotiation rounds. Additional indicators track the degree of competition, including the percentage of purchases made from a single supplier and the average number of suppliers participating in the different phases of the Group’s tenders.

In 2024, although the transparency and competition indicators experienced a slight decline, they remained at optimal levels. Notably, 79% of the annual awarded amount was attributed to transparent purchasing processes, and the average number of bids received per tender was 2.55.

And as a guarantee of transparency, the procurement process is audited annually, both internally and by external entities. No non-conformities were detected in 2024. Follow-up audits for maintaining certifications under ISO 9001, ISO 14001, and [ISO 20400](#) standards yielded satisfactory results. Recommendations and improvement areas identified during these reviews are analysed and implemented to continuously enhance the related procurement procedures.

Systems supporting the Procurement activity

Iberdrola’s Procurement Division relies on two main platforms to support its operation:

- **IBuy:** A global collaborative tool based on the SAP Business Network platform (formerly SAP Ariba Network), IBuy supports the full procurement lifecycle, including requests for proposals, supplier negotiations, catalogue management, and internal approvals. It operates in a native digital environment with partially automated processes and integrates real-time supplier risk analysis.
- **Achilles-GoSupply:** A supplier management platform used to classify current and potential suppliers, and to evaluate and monitor their sustainability risks and performance. This tool is integrated with IBuy, enabling coordinated and efficient supply chain management.



IBuy: procurement platform based on cloud SAP-ARIBA technology.



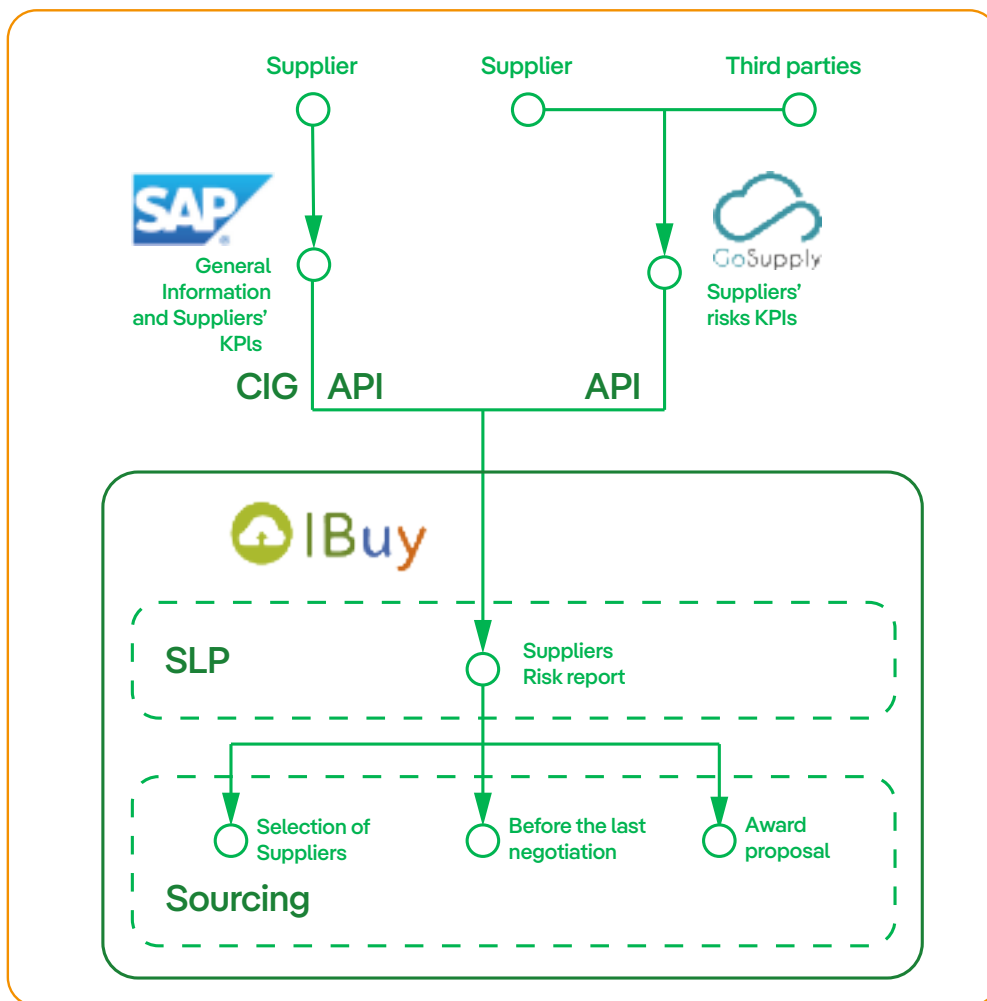
Achilles-GoSupply: System for Registering and Managing Suppliers.

Integration of Procurement systems

Efficient procurement management requires access to up-to-date information throughout the process, especially when supplier risk analysis and mitigation are key to decision-making.

Iberdrola's procurement systems are highly integrated, with daily updates of indicators related to various types of risk. This capability makes it possible to anticipate, from the earliest stages of the process, the mitigation measures needed for each supplier, facilitating award decisions that ensure compliance with the Purchasing Policy, the Code of Conduct for administrators, professionals and suppliers, as well as the Supplier Code of Conduct.

The diagram below illustrates the integration of the Purchasing systems and their connection with the corporate ERP (SAP):







03

Policies and Procedures

3. Bases, Policies, Guidelines and Procedures

General Risk Control and Management Foundations

The General Risk Control and Management Foundations of the Iberdrola Group, approved by the Board of Directors on March 25, 2025, establish mechanisms for, identifying and managing risks, define the principal faced by the companies integrated in the Group, and set the general framework for the configuring and supervising internal systems for risk control and management.

The Purchasing Policy includes basic principles related to the purchase of equipment and materials and the contracting of works and services. These principles serve as the foundation and must govern, guide, and inform the actions and regulatory developments carried out by the various Group's companies in this area, within the scope of their competences and under the protection of their autonomy of will.

Taking the above into consideration, any action aimed at controlling and mitigating the risks associated with the purchase of equipment and materials and the contracting of works and services to which the Group's companies are exposed must comply with the Foundations.

As a complement to the Purchasing Policy, on March 25, 2025, the Purchasing Risk Guidelines and Limits were also approved, which address in relation to the risks associated with the purchase of equipment and materials and the contracting of works and services, the provisions of the Foundations and, where applicable, the Purchasing Policy.

Purchasing Policy

The **Purchasing Policy**, initially approved by the Board of Directors on June 18th 2013 and most recently updated on March 25th 2025, defines the global framework for monitoring and managing risks relating to the purchase of materials and equipment, and the commissioning of construction work and services throughout the Iberdrola group. It places particular emphasis on compliance with ethical commitments by Group employees and the suppliers of the companies that are part of the group.

Main principles included in the Purchasing policy:

The [Purchasing Policy](#) is based on the following basic principles of action that Iberdrola assumes and promotes in the area of purchasing of equipment and materials and contracting of works and services are described below:

- (a) Foster a supplier relationship policy based on principles of corporate ethics and transparency, striving for continuous improvement and mutual benefit and promoting sustainability, innovation and development activities.
- (b) Promote sustained, accessible and sustainable economic growth, as well as endeavor to ensure productive and dignified employment for professionals who are part of the value chain.

- (c) Implementing the mechanisms required for purchasing decisions to in any event safeguard the achievement the achievement of balance among technical competence, quality, accessibility, occupational safety, cybersecurity, respect to environment and price as well as the sustainability and quality of the supplier as a key condition for the contribution of value.
- (d) Establishing supplier selection processes that conform to standards of objectiveness, impartiality, non-discrimination and equal opportunity, always ensuring compliance with the Code of Conduct for Directors, Professionals and Suppliers, regardless of their own or third-party interests.
- (e) Promote compliance by suppliers with contractual terms and conditions and applicable legal provisions, and particularly, with the provisions of sections A and D of the [Code of Conduct for administrators, professionals and suppliers](#), of which it must inform its professionals and subcontractors, along with the existence of internal reporting channels.

Suppliers and the entities that they in contract in turn for supplies, works and the provision of services to the Company must communicate, through the internal reporting system established by the Company and on the terms established in the Governance and sustainability System, any conduct that might entail, on the part of any director, professional or supplier of the Company (or of the supplier's subcontractors or professionals), potentially improper conduct or an act that is potentially illegal or contrary to law or to the Governance and Sustainability System with an impact on the Company, on its contractual relationship with its suppliers, or in the interests and image of the Company, without prejudice to their ability to file reports or provide information to the Independent Whistleblower Protection Authority (A.A.I.) or any other competent institution, body, or authority.

- (f) Promote the highest standards of occupational safety and health for the professionals participating in the value chain, especially those of the suppliers, raising awareness and establishing the controls required to mitigate the risks inherent to the work performed, in accordance with the Purchasing Risk Guidelines and Limits and the Occupational Safety, Health and Well-Being Risk Guidelines and Limits, requiring contractors to comply with the established safety rules and causing them to participate in the preventive culture that has been implemented, adopting international best practices in the area.
- (g) Endeavour to ensure compliance with rules on the separation of activities. If the same entity provides supplies, is contracted for works, or provides services to companies of the Group that engage in regulated activities and to companies of the Group that engage in unregulated activities, it must comply with the applicable legal provisions and with the requirements and conditions established in the corresponding codes for the separation of activities of the Group's companies or similar regulatory instruments.

In this regard, it shall be necessary to respect the effective decision-making capacity of the companies of the Group that carry on regulated activities with respect to the assets required for the operation, maintenance and development of their own activities, as well as with respect to limitations on access to commercially sensitive information of the aforementioned companies. .

The [Procurement Policy](#) establishes guidelines and limits on the levels of delegation of authority and procurement procedures of the Group. Based on the principles set out above, it defines the risks related to the supply chain, as well as the principles of organization that must prevail to ensure full respect for the corporate structure derived from the Governance and sustainability system.

Risks related to the supply chain as set out in the Procurement Guidelines:

The Purchasing Risk Guidelines and Limits, approved on March 25, 2025, complement the Purchasing Policy and identify the risks associated with the purchase of equipment and materials and the contracting of works and services, in line with what is set out in the Bases, and are defined as follows:

- **Credit risk:** The possibility that a counterparty fails to comply with or inadequately fulfils its contractual obligations for economic reasons, resulting in an economic or financial loss within the Group's perimeter, particularly in relation to:
 - The value of advances paid for services or goods not yet received.
 - The additional cost incurred by the company in question due to the replacement of a critical supplier in meeting its objectives (e.g. delays, loss of profit, penalties, etc.).

For significant purchases or tenders, a credit risk assessment of the supplier will be required, along with sufficient contractual guarantees to ensure compliance with their obligations.

- **Market risk:** Any potential increase in the cost of purchases due to adverse price movements, including fluctuations in raw material prices (e.g., listed metals), exchange rates, or official price indices (e.g. CPI, IPRI, etc.).
- **Strategic, regulatory, fiscal, and legal risks:**
 - Unfavourable tax changes (e.g. new fees, tariffs, etc.).
 - Regulatory changes that may affect the technical approvals of equipment, whether imported or not, and their consideration as suitable for use in the jurisdiction where their use was planned.
 - Risks arising from potential subsidiary liability due to non-compliance or improper compliance by suppliers.

No supplier may be contracted with who is not up to date with their tax, fiscal, or other obligations, of any nature, for which the Group could incur any subsidiary liability.

- **Business risk:** technological risk or quality risk in purchases.
 - Risk of acquiring inadequate products or services that do not properly adapt to the technical, operational, or environmental needs of the business.
 - Technological risk arising from dependence on a single supplier.
 - Difficulty finding in the market suppliers who can deliver products or services on time, of adequate quality, and which may result in delays in meeting business objectives or regulatory obligations (sanctions).
- **Operational risks:** Economic losses, whether direct or indirect, caused by external events, errors, or inadequate internal processes, and particularly those associated with:
 - Total or partial non-compliance with established procedures regarding transparent and competitive bidding.
 - Failures in internal controls.
 - Human or technical errors arising from inadequate systems or procedures.
- **Technological and comprehensive security risks:** Risks related to the management and proper functioning of information technologies (IT) and operational technologies (OT), as well as those stemming from the adoption of emerging technologies, including artificial intelligence. This also includes risks related to the security of individuals, tangible and intangible assets, and information systems, including cybersecurity, as well as data privacy and compliance with related regulations, particularly those associated with:
 - Cybersecurity risks: Risks arising from unauthorized access, improper use or disclosure, degradation, alteration, modification, or destruction of information or information systems and services, as well as communications of the Group's companies, including potential acts of terrorism, and particularly those caused by accessibility granted to suppliers or third parties to such systems.
 - Risks related to regulations on personal data protection.

Processes will be included to identify and establish cybersecurity requirements that mitigate the risks associated with supplier and potential subcontractor access to the Group's information, systems, and information and communication services.

- **Governance and Sustainability Risks:** Risks arising from potential non-compliance with the Governance and Sustainability System (environment, social commitment, corporate governance, and regulatory compliance), including anti-corruption and anti-fraud legislation, and in particular, risks associated with:
 - Risks related to human resources (such as labour outsourcing in Spain) and workplace safety conditions.
 - The performance of unauthorised or fraudulent operations (internal or external fraud) that may be considered acts of corruption in any of their forms. If it were established that such operations have been carried out for the benefit of the companies integrated into the Group (even when those acts were performed or instigated by Suppliers or by professionals from Group companies, violating the Code of Conduct and other applicable regulations), it could imply criminal liability for the Company or the other companies of the Group.
 - Risks related to the violation of modern slavery regulations.

Depending on the nature and amount of the tender, a fraud risk assessment of the Supplier is required to determine the appropriate level to initiate the relationship.

The Supplier will also be required to indicate in its bid the work it proposes to subcontract including the names of any potential subcontractors - to be analysed in the context of the proposal assessed.

In addition, to promote a sustainable supply chain, Iberdrola applies a continuous measurement model across the three areas set by the Company: environmental, social and governance. The sustainability performance of awarded Suppliers will be regularly analysed and assessed, and improvement plans will be implemented when optimal levels are not reached”.

The Procurement Division has been updating its Policy, Guidelines, Procedures, Management Systems, and supplier classification processes to ensure that award decisions are based on comprehensive risk assessments of its suppliers.

General contracting terms and conditions

The [Iberdrola group general terms and conditions for contracting](#) govern the relationships between the Iberdrola Group companies and their suppliers; they are usually a basic part of the contractual documentation. These terms form a core part of the contractual documentation and include conditions that contain binding contractual clauses for performance by the parties within the most stringent levels of health and safety, occupational risk prevention and environmental responsibilities. They also incorporate specific clauses on the supplier's corporate social responsibility, based on the UN's Universal Declaration of Human Rights, the Conventions of the International Labour Organization, and the principles of the Global Compact. These principles include are respect for and protection of human rights, zero tolerance for any form of forced or compulsory labour, child labour, discrimination, harassment, and corrupt behaviour.

When the supplier must subcontract part of the supply or service commissioned by Iberdrola, they must extend these same principles to the contractual terms applicable to the subcontractor or reseller.

Throughout the term of the contract, the supplier will allow Iberdrola to verify compliance with these principles, both at their own facilities and at those of their subcontractors.

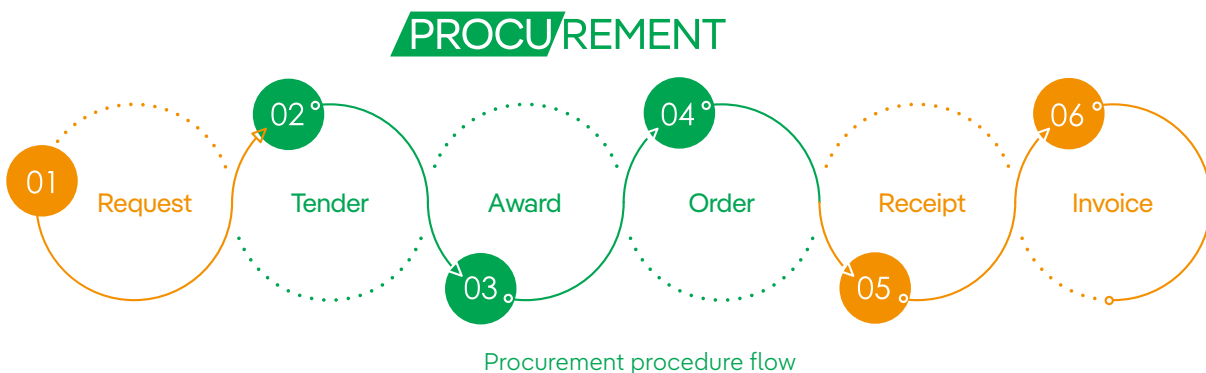
The full text of the procurement general terms and conditions for each country may be found at:

<https://www.iberdrola.com/suppliers/tenders/contracting-terms>

Purchasing procedure

The purchasing procedure implements the principles established in the Iberdrola Group's Purchasing Policy.

The management of the procurement process, for equipment, materials, works and/or services encompasses all phases, from initial planning to contract formalization with the supplier or contractor. This process is overseen by the Procurement organization on behalf of the Group's business units and subsidiaries, and is carried out through the following stages:



The Procurement Division holds the UNE-EN-ISO 9001:2015 standard certificate for the quality management system, which currently covers the companies belonging to the Iberdrola Group in Spain, the United Kingdom, Mexico and the United States. This certification represents a significant milestone and highlights the commitment to processes integration and quality standardization across the corporate procurement model.

As part of the 2024 audit plan, external monitoring audits were successfully completed in accordance with the UNE-EN ISO-9001:2015 standard, carried out at the centres in Spain (Iberdrola Tower, Bilbao) and in the United Kingdom (main offices of Scottish Power in Glasgow).



04

Compliance in the purchasing process

4. Compliance in the purchasing process

Supplier Code of Conduct

The [Code of Conduct for Directors, Professionals and Suppliers](#) and suppliers of the Iberdrola Group constitutes a fundamental pillar to guarantee integrity in the development of its business. The vision and values outlined in this Code of Conduct are reflected in the principles of action that guide and bind the Group's professionals in their relationships with third parties.

This Code reflects Iberdrola's commitment to the highest standards of business ethics and transparency. It establishes a set of principles and rules of conduct to ensure ethical and responsible behaviour on the part of the administrators, professionals, and suppliers of Iberdrola Group companies.

The Company aspires for its conduct, as well as that of the individuals associated with it, to comply not only with current legislation and the governance and sustainability framework but also with widely accepted ethical principles and sustainable development standards. It promotes full respect for human rights recognized both in national and international legislation.

On the other hand, the [Code of Conduct for Suppliers](#) is an abridged version of the [Code of Conduct for Directors, Professionals and Suppliers](#), comprising sections A and D. It defines the ethical principles that must govern the conduct of the Group's suppliers, who must expressly accept them before initiating their contractual relationship. This document is annexed to the corresponding orders and contracts.

Both codes form part of the [Governance and Sustainability System](#). They were approved by the Board of Directors in 2002 and last amended on March 25, 2025.

The 2025 revision incorporates the changes introduced in the June 2024 update, which reinforced the principles and requirements applicable to suppliers. It emphasizes that suppliers shall endeavour to ensure that their own suppliers and subcontractors adhere to the principles of conduct equivalent to those established in the Code of Conduct. They shall likewise require such suppliers and subcontractors to extend equivalent requirements to their respective supply chains. This update strengthens due diligence across sustainability, human rights, and the environment throughout the entire value chain.

Among the guiding principles of conduct for suppliers included in the Code of Conduct for Suppliers, the following stand out:

- **Commitment to human rights and sustainability due diligence**
 - Suppliers shall respect the human rights, and the environmental prohibitions set out in the main international agreements in these areas. In particular, they shall comply with applicable law regarding responsible mineral sourcing.

- In accordance with existing legal requirements, when so requested by the relevant company of the Group, suppliers will cooperate in the identification of the human rights and environmental impacts relating to the operations, products or services that they provide to the Group company. Likewise, in accordance with applicable law, in their contracts with suppliers, the companies of the Group may establish clauses, guarantees and methods of independent verification related to compliance with the Code of Conduct, as well as the establishment of prevention plans or plans to correct impacts on human rights, in those cases in which it is determined that the severity or probability of occurrence thereof is high.
- Suppliers shall establish the mechanisms required for their professionals and third parties to make anonymous complaints or claims in the event of possible breaches of the first paragraph of this Article. If such complaints and claims affect products or services provided to a company of the Group, suppliers shall inform the relevant Group company of the results of the investigation of the complaints received, as well as of the measures taken.
- Suppliers shall inform their professionals and the Subcontractors of the existence of a complaint mechanism of the corresponding company of the Group. They shall also require their Subcontractors to inform their professionals thereof.

• **Supplier's labour practices**

- Suppliers shall reject all forms of forced labour or compulsory labour, and modern slavery as provided in applicable law and international conventions and shall adopt appropriate measures within their organisation for the elimination thereof. They shall also require their supply chains to take similar action.
- Likewise, suppliers shall expressly reject the use of child labour, both within their organisation and in their supply chain, respecting the minimum hiring age limits in accordance with applicable law and international conventions, and shall have adequate and reliable mechanisms in place to verify the age of their professionals.
- Suppliers must reject: (i) all discriminatory practices due to any condition or characteristic in employment and occupational matters and treat their professionals fairly and with dignity and respect; and (ii) any conduct that might be classified as harassment. To this end, they shall promote a culture of prevention that endeavours to reject any manifestation of workplace violence or harassment in any form, fostering a respectful and healthy working environment and applying the principle of zero tolerance towards any behaviour that might be classified as harassment or discrimination.
- The working conditions of the suppliers' professionals, which shall be communicated thereto in a language understandable to them, shall in any case respect the law, the collective bargaining agreement and the main international standards, as well as the international conventions applicable in each case, taking particular care to ensure appropriate terms regarding salaries, ordinary and overtime hours, and employee benefits.
- The freedom of association and the right to collective bargaining of the suppliers' professionals must be respected thereby, subject to the law and to the main international conventions applicable in each case.
- Professional relations between suppliers and their staff must be based on equal opportunity, particularly between the sexes, on non-discrimination due to any condition or characteristic, and on the promotion of a multi-layered, diverse and inclusive professional environment based on respect for all persons, that fosters training and performance.
- Suppliers shall assess the implementation of measures that promote respect for the personal life of their professionals and facilitate the achievement of an optimal balance between the latter and work responsibilities, based on applicable legal provisions and local practices, and shall not in any case eliminate the measures established at the time of becoming a supplier of the Group's companies.

• **Suppliers' commitments to health and safety**

- Suppliers shall take the measures required to ensure the health and safety of their professionals or of third parties providing services on their premises in all aspects related to the performance of their duties, reducing the hazards present in the workplace and minimising the associated risks by adopting effective preventive and protective measures, in accordance with the applicable international conventions and applicable law.
- Suppliers shall identify and evaluate potential emergency situations at the workplace and shall minimise the possible impact thereof by implementing emergency preparation and response plans and procedures.
- Suppliers shall provide their personnel with appropriate prevention training, assuming the cost of the training, as well as the cost of implementing other preventive and protective measures and shall be liable for any damage or harm attributable to them by action or omission, especially as a result of not having adopted appropriate health and safety measures. They shall also actively work with the corresponding Group company in managing prevention in the work and services performed at the work centres and workplaces of the companies of the Group, in accordance with the requirements established for the coordination and monitoring of health and safety measures.
- If the professionals of the supplier or those of the Subcontractors hired thereby must be posted elsewhere in order to carry out the work, the supplier shall endeavour to ensure appropriate means of transport and decent accommodation.

• **Suppliers' commitment to natural capital**

- Suppliers must strictly comply with all obligations regarding natural capital applicable thereto and have an effective environmental policy and due diligence systems based on the products and services supplied, in order to, among other objectives:
 - (a) Reduce their greenhouse gas emissions through efficient use of energy and resources, as well as minimise energy consumption in order to reduce their carbon footprint.
 - (b) Minimise the use of natural resources, fossil fuels, chemicals and consumables in order to reduce their corporate environmental footprint and assure pollution prevention.
 - (c) Identify and manage substances, waste and other materials that present a hazard when released into the environment, in order to ensure they are handled, transported, stored, recycled or reused, and disposed of safely, ensuring circularity thereof, in compliance with applicable legal provisions and ensuring proper waste management, all in order to prevent and minimise pollution, waste materials, waste water or emissions having the potential to adversely affect the environment.
 - (d) Prevent deforestation (ensuring that they do not supply products or services that cause it) the loss of biodiversity, and promote land conservation to prevent nutrient loss, erosion and contamination, while safeguarding water resources and the protection or promotion of natural habitats in those environments which they operate or have the ability to influence.
- Suppliers must have appropriate reporting mechanisms to report on the performance of the aforementioned aspects in case the corresponding company of the Group requests information in this regard.

• **Suppliers' commitments to compliance**

- Suppliers shall engage in their commercial relationships in conformity with principles of business ethics, efficient management, transparency and honesty.
- Suppliers must comply with the compliance policies of the Group's companies, whether general or special, which include crime prevention, the reaction against corruption and fraud, forced labour or any form of modern slavery, and with the strictest rules of ethical and moral conduct and international

treaties and legal provisions applicable to these matters, ensuring the establishment of adequate procedures required for such purpose.

- Suppliers undertake to promote free and fair competition in the markets in which they participate and to comply with the legal provisions on competition, actively cooperating with the authorities entrusted with the supervision of said markets.
- Suppliers shall not directly or indirectly promise, offer or pay any bribe to facilitate transactions or other improper payments to any third party or to any professional of the companies of the Group in relation to their contracts therewith.
- Suppliers shall not directly or indirectly promise, offer or pay any money or valuable property in a corrupt manner in order to (i) influence an act or decision of a third party or a professional of the Group's companies; (ii) obtain an undue or improper advantage for the companies of the Group; or (iii) induce a third party or a professional of the Group's companies to exercise influence over the act or decision of a public official or other persons participating in the performance of public duties.
- Suppliers shall not try to obtain information owned by the Group's companies that is not public, particularly including information not available to other bidders, in relation to their contracts therewith. Nor shall they conceal or distort the information set forth in the accounting records and reports of the Group's companies.
- Suppliers shall not promise, offer or deliver gifts or objects of value, of any kind, to persons or entities that are public officials or that participate in the performance of public duties for the purpose of or in relation to the formalisation of their contracts with the companies of the Group.
- Suppliers may only promise, offer or give reasonable gifts or items of insignificant or symbolic value, including entertainment or meal expenses, for the purpose of or in relation to the formalisation of the contract, to persons or entities that are not public officials or do not participate in the performance of public duties and in accordance with legal provisions on anti-corruption and the integrity and ethics policies of the Governance and Sustainability System. In any case, reasonable gifts or objects or items of insignificant or symbolic financial value must have a legitimate business purpose.
- Suppliers and the entities that they hire in turn to provide services or supplies to the companies of the Group (the "Subcontractors"), to their respective professionals, and to the companies that have participated in tenders for services or supplies in order to be suppliers, must communicate through the internal reporting system established by the corresponding company of the Group: (i) any conduct by a director or professional of the companies making up the Group that might constitute potentially improper conduct or an act that is potentially illegal or contrary to law or to the governance and sustainability system (including, in particular, any conduct that could constitute a crime, a serious or very serious administrative offence, or a breach of European Union law), with an impact on the companies of the Group or the interests and image of the companies comprising the Group; or (ii) the potential commission by a supplier, by one of its Subcontractors or by their respective professionals of an act or conduct from among those mentioned above within the framework of their commercial relationship with the companies of the Group or with an impact on the interests and image of the companies comprising the Group. All of the foregoing is without prejudice to their right to address their grievances or reports to the Spanish Independent Whistleblower Protection Authority (Autoridad Independiente de Protección del Informante) (A.A.I.) or to any other competent institution, body or entity.

In all investigations, the rights to privacy, respectability, defence and the presumption of innocence of the persons investigated or affected shall be guaranteed, and all measures shall be taken that are required to avoid any kind of retaliation against the whistleblower.

- Suppliers, Subcontractors, their respective professionals and companies that have participated in a tender for services or supplies in order to be suppliers of the companies of the Group must report as promptly as possible any of the conduct or acts set forth in the preceding subsection of which they

become aware due to their commercial relationship with the Company or with the other companies of the Group.

- By contracting with a company of the Group, suppliers undertake to inform their professionals and their Subcontractors of the contents of Sections A and D of this Code of Conduct and of the existence of the internal reporting channels within the corresponding company of the Group, as well as to require their Subcontractors to inform their professionals thereof. In addition, suppliers must be able to show compliance with such obligations at the request of the Group company with which they maintain the commercial relationship.

- **Conflict of interest of suppliers**

- Suppliers must maintain mechanisms to ensure that, in the event of a potential conflict between the interest of the supplier and the personal interest of any of its professionals, the independence of the supplier's performance and its full compliance with applicable law remain unaffected.

- **Subcontracting**

- Suppliers of the companies of the Group shall be responsible for ensuring that their own suppliers and Subcontractors are subject to principles of conduct equivalent to those established in this section of the Code of Conduct.
- The actions performed and the procedures used by suppliers to comply with their obligations towards the Group's companies may not entail an indirect or intermediate violation of this Code of Conduct, the policies or the other rules of the Governance and Sustainability System.

Suppliers' Commitments to the Supplier Code of Conduct

All suppliers of the Iberdrola Group invited to participate in a bidding process must accept that their participation, as well as the conduct of their professionals, in the event they are awarded a contract, will be subject to compliance with the [Supplier's Code of Conduct](#).

For new suppliers, during the registration process in the systems, they are expressly required to confirm that they have read, understood, and committed to comply with the Code.

Furthermore, the [Supplier Code of Conduct](#) is annexed to all orders and contracts issued by the Iberdrola Group, thereby becoming part of the contractual documentation and reinforcing its mandatory nature and the supplier's commitment to its compliance.

Mitigation of the risk of fraud and corruption in suppliers

The Board of Directors established the Compliance Unit at the end of 2012, which is responsible for disseminating the Code of Conduct for administrators, professionals, and suppliers, as well as promoting a culture of ethical behaviour and "zero tolerance" towards irregular conduct and the commission of unlawful acts or those contrary to the law or the governance and sustainability system.

For the Group, it is essential to establish effective programmes and mechanisms to prevent and combat corruption in all its forms, fostering a culture of integrity among its professionals and the third parties with whom it interacts.

Iberdrola requires that both its professionals and any third party acting on its behalf, maintaining business relations with the company, or participating in its value chain, comply with the highest standards of integrity in the performance of their activities. In this regard, participation in acts of corruption, bribery, or any other fraudulent conduct is not tolerated.

As part of this commitment, the supplier registration process, the procedures, and the procurement processes of Iberdrola incorporate various measures aimed at assessing third-party risks and preventing bribery and corruption, including:

- The Iberdrola [Code of Conduct for Suppliers](#), which forms part of all contracts and purchase orders.
- An [Anti-corruption and anti-fraud policy](#) that creates a preventive culture based on the principle of zero tolerance for illegal acts and fraud.
- [Protocol for the management of fraud and corruption risk from third parties](#), which provides that suppliers and debtors of Group companies shall be assessed in matters of fraud and corruption.
- “[Initial screening](#)” of newly registered suppliers in the Group’s corporate management systems against third-party databases to detect sanctions, “adverse media,” and other risk factors.
- “[Ongoing screening](#)” of all existing suppliers in IBuy against third-party databases to detect sanctions, “adverse media,” and other risk factors.
- In general and depending on the number of existing suppliers and the nature of the purchase, the [tendering process](#) will ensure that a minimum of three valid bids are obtained for each procurement tender.
- [Proposals for awarding](#) orders are released jointly and are endorsed by two duly authorised persons.
- There is [separation between procurement activities](#) (Procurement Division), subsequent [provisioning activities](#) (Business Units) and [payment of invoices](#) to suppliers (Administration and Control Division).
- [Payment-invoice-order-tender traceability](#) is maintained entirely in corporate systems, with the necessary documentary support.
- [Audits](#): the process is periodically audited, with no non-conformities or deviations identified to date.
- [Supplier classification process](#), specific section to which the supplier must respond, among others, to the following questions: :
 - Does your organisation have a specific Code of Ethics or Code of Conduct?
 - Does the organisation have a general responsible purchasing policy?
 - Does the organisation have a Corporate Social Responsibility policy?
 - Has the organisation signed the United Nations Global Pact? This Pact includes an anti-corruption principle.
 - Are specific terms and conditions on the fight against bribery and business ethics or other means to transfer these commitments to third parties included in your documentation?
 - Do you have ethics channels so that suppliers can report conducts that may be irregular or involve illegal acts or contravene your rules?

Moreover, the general terms and conditions for contracting include specific sections on the fight against corruption. By accepting it, suppliers declare, ensure and undertake to:

- i. **Comply** with the relevant ant-corruption laws, both now and in the future. The Supplier agrees that they will not offer, promote, pay, authorise or carry out any type of payment, either now or in the future, or directly or indirectly, that may (1) influence any official decision relating in any way to the Contract or any associated activity, with any Affected Party or with the State or any type of governmental body; (2) give themselves an unfair advantage in relation to the Contract or any associated activity; or (3) obtain or retain business or divert it to any entity or individual, in relation to the Contract or any associated activity.

For this purpose, the “Affected Party” shall be understood to mean any official, director, employee or representative of: (i) any governing body, department or federal, state, autonomous, provincial or municipal agency of any state; (ii) any international organisation or its departments or agencies; or (iii) any company or other entity belonging to or controlled by the State, including public companies or others in the energy sector; as well as any political party or candidate for political office.

- ii. **Maintaining** complete and truthful accounting records and other documentation relating to the Contract or any associated activity, including those relating to payments made to third parties following generally accepted accounting principles. The Supplier agrees to allow Iberdrola, upon reasonable request by the company in advance, to inspect their accounting records and other documentation at any time. A request will be considered reasonable when it is made within fourteen (14) calendar days before the inspection date.
- iii. **It has not made and will not make political contributions, donations,** or any other type of payment relating to the Contract or with any associated activity, nor will it offer or promise those mentioned above at the request of an Affected Party without prior written consent from Iberdrola.
- iv. If Iberdrola, reasonably and in good faith, believes that the Supplier has breached any of the terms of this clause, they must **cooperate in good faith with Iberdrola** to confirm whether such a breach was in fact committed.

The supplier will inform Iberdrola of any situation in which a breach of the principles has been verified, as well as plans to remedy the problem. If these corrective plans are not adopted, Iberdrola reserves the right to cancel the contract.

Assessment of the risk of fraud and corruption in suppliers

In 2010, coinciding with the entry into force of the “*Bribery Act*” in the United Kingdom, a series of measures were implemented in the bidding process at a global level. These measures stipulate that, when initiating a new contractual relationship or renewing an existing contract with a supplier, a risk assessment of corruption associated with that contract must be conducted.

Additionally, for all procurement processes that exceed a certain financial threshold, the procurement procedure establishes the obligation to verify the supplier's risk level in this regard.

To optimize this control, since the implementation of IBuy in 2019, the update of the fraud and corruption risk indicator managed by the Compliance Unit in its management system has been automated. This indicator is integrated daily into the Purchasing platform, enabling the purchasing manager to check the risk level of suppliers participating in the tenders they manage.

In cases where a supplier has been assigned a tracking mark or “compliance flag,” any contracting must be cross-checked with the Compliance Unit, which will issue its approval once the corresponding mitigation measures have been defined and implemented at any time.

Internal reporting channel (whistle-blower channel)

Ethics and transparency are the essential pillars of the Iberdrola Group and both values are promoted in our relationships with all our stakeholders and with society.

The Group's companies have established [whistle-blower channels](#) to report conduct that may involve the commission of irregularities, unlawful acts, or behaviours contrary to the law or the standards of conduct outlined in the Code of Conduct for directors, professionals, and suppliers, as well as other standards or internal procedures.



Through this channel, potential breaches by any professional of the Iberdrola group, of the governance and sustainability system, as well as actions contrary to the law by suppliers, subcontractors, or their employees, within the framework of their commercial relationship with the Group companies, may be reported. All communications received are treated as confidential information and,, in the case of complaints, may be submitted anonymously.

In addition to the whistle-blower channel, stakeholders can raise questions about issues relevant to them, through our [contact channels](#) and [inquiry mailbox](#). These questions may concern the interpretation and compliance with the Code of Conduct for directors, professionals, and suppliers, as well as other internal compliance regulations. Among the fundamental management principles that govern the operation of the channels are confidentiality, whistle-blower protection, diligence in processing, and the continuous improvement of the system:

**Prohibition of retaliation:**

Iberdrola undertakes not to take any form of retaliation against any person who has made a report in good faith.

**Anonymity:**

Communications can be made anonymously.

**Confidentiality:**

The confidentiality of the identity of the informant and of any third party mentioned in the communication, as well as the protection of personal data, is an essential principle in the management of the communications received.

**Management of the System:**

The Compliance Unit of the relevant company is the body responsible for the management of the Internal Information System in accordance with the procedure established by its respective governing body.

**Rights of persons affected:**

The rights to privacy, honour, defence and the presumption of innocence of the persons under investigation or affected are guaranteed.

As stated in the [Transparency Report on the Compliance Systems of the Iberdrola Group companies for 2024](#), published in April 2025, a total of 5,841 communications were received through the internal information channels, comprising of 1,748 inquiries and 4,093 complaints. Following a preliminary analysis by the Compliance Unit, 3,299 of these complaints were admitted for processing.

Meanwhile, in 2024, out of the total number of complaints received—including those still ongoing from previous years—144 were identified as related to suppliers of the Group, assessed as potentially critical and likely to have some impact. This information is included in the *Consolidated Non-Financial Statement (EINF)* and *Sustainability Information of the Iberdrola Group for 2024*.

For these cases, 100% of the situations were handled in accordance with the *Guide to action and penalties against practices that contravene the Code of Conduct*, applying measures aimed at mitigating and/or remedying the detected non-compliance, as well as preventing its recurrence. As a result, corrective measures were adopted, which led to sanctions or the termination of the contract for 20 of the 144 suppliers identified through the complaints channel: 17 were sanctioned, and for 3, it was decided to terminate the contractual relationship.

Promoting an ethical culture within the supply chain

Campaign to promote the Suppliers' Code of Conduct

To reinforce awareness of the Supplier Code of Conduct among our suppliers, contractors, subcontractors, and their professionals, the Compliance Unit prepared the [Supplier's Code of Conduct Brochure](#) in 2021.

Since then, various global dissemination campaigns have been conducted to promote of the ethical principles of the Iberdrola Group. These actions are aimed both at supplier employees and at encouraging the extension of these principles to the rest of our supply chain.

In 2025, following the modifications made in March to the Code of Conduct for directors, professionals, and suppliers, the brochure was also updated to incorporate aspects that reinforce due diligence in the supply chain.

Code of conduct for Suppliers brochure



Find out more 

Code of Conduct for Suppliers



Ignacio S. Galán
Executive Chairman
of Iberdrola

The **Code of Conduct for administrators, professionals and suppliers** reflects the commitment of Iberdrola Group to the principles of business ethics and transparency in all areas of activity, establishing a set of principles and guidelines of conduct aimed at guaranteeing the ethical and responsible behaviour of all the Group's professionals and administrators.

Iberdrola, which is firmly committed to extending this commitment to all third parties with which it has dealings and, in particular, to suppliers, has developed **specific guidelines for action in accordance with the Group's principles and values, which are set out in the Code of Conduct for Suppliers, and which must be complied with by the Group's suppliers.**

This requirement is one of the measures the Group has adopted, among others, to encourage sustainability among its suppliers to enable it to achieve the Sustainable Development Goals adopted by the United Nations.

Suppliers' compliance system improvement campaign

The Procurement Division, in collaboration with the Compliance Unit launched an initiative in 2022 to promote the development of compliance systems among suppliers with whom it maintains relationships, aligning with the Group's strategic objectives on sustainability,

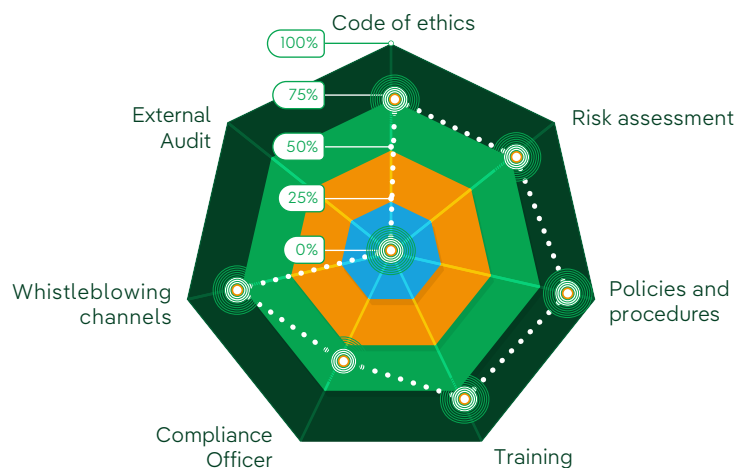
Previously, in 2021, a specific indicator, the "Compliance Score," was established to assess the maturity level of the Group's suppliers in this area. This indicator, based on the measurement of various factors, is included in the Group's supplier sustainability evaluation model. Each evaluated supplier obtains a score that enables the identification of improvement opportunities, more precise segmentation of the supplier base, the design of targeted campaigns, and the monitoring of their progress.

The initiative, called "Enhancing Supplier's Compliance System," was launched in 2022 and focused on identifying and supporting more than 100 of the Group's leading global suppliers, who had a high level of engagement but still had incipient, very basic, or underdeveloped compliance systems. Regular contact was established with these suppliers to promote the implementation and consolidation of effective compliance systems aligned with the principles of the Group's governance and sustainability framework.

As a result, most of the contacted suppliers included specific actions to improve their compliance systems among their short- and medium-term objectives in 2022. Some of them completed the implementation phase of these measures in 2023.

During 2024, the initiative has continued to progress. In collaboration with the Compliance Unit, regular contact has been maintained with suppliers to continue promoting the implementation of robust compliance systems. The impact of these actions is monitored through the evolution of the "Compliance Score" within the supplier assessment model developed by the Procurement Division, in line with sustainability criteria.

COMPLIANCE SYSTEMS IN THE GROUP'S SUPPLIERS Elements of a Compliance system implemented



As indicated in the [Iberdrola Group Companies Compliance systems Transparency Report 2024](#), as of the end of 2024, more than 2,0881 main suppliers of the Group already have a robust compliance system, with a score in their "compliance score" of more than 70 out of 100. This represents a 6% increase compared to the previous year, reflecting the efforts made by suppliers to strengthen their management and compliance systems.

Additionally, the Compliance Unit has proactively requested that strategic suppliers submit their ethics and compliance systems to audits conducted by independent third parties. In this context, Iberdrola supported 19 strategic suppliers in 2024 in the development of their respective compliance systems. This support included specific meetings to understand the key elements of their systems, document analysis, and the joint definition of a roadmap for improvement. The goal is to strengthen these systems so that they can be externally audited by international best practices and standards.

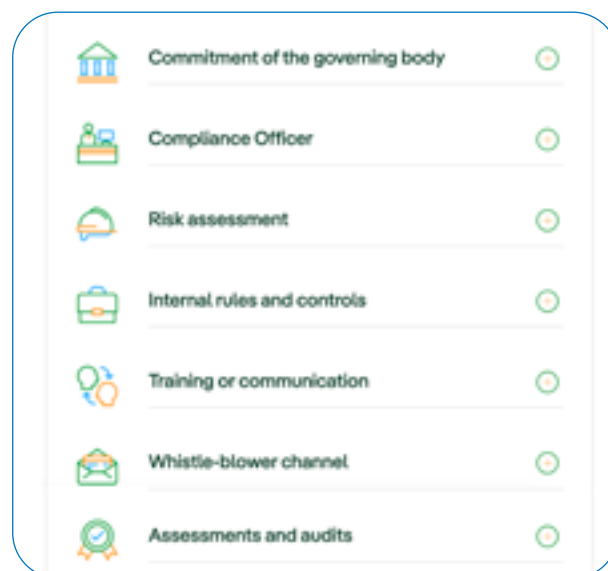
A walk through our Compliance system

In 2022, we made an interactive module available to our suppliers on our website intending to enhance their understanding of the key elements that comprise an effective compliance system. In 2024, it was updated to improve its access.

A Compliance system is a set of organizational measures, procedures, and actions aimed at preventing irregular conduct, contrary to ethics or the law, which may be committed by the professionals of an organisation or by those of third parties with whom it relates.

Our Compliance System represents Iberdrola Group's commitment to all our stakeholders to conduct all activities in accordance with applicable laws and regulations, as well as the highest ethical standards and values.

Its ultimate goal is to ensure the application of the Code of Conduct for administrators, professionals, and suppliers, and to establish criteria and guidelines for fostering integrity in professional behaviour.



Campaign to promote the whistle-blower channel

In recent years, the regulations of many countries have shifted towards society—and especially companies—emphasizing the need to implement more robust internal information systems, including reporting channels that guarantee anonymity and ensure the confidential management of communications.

In this regard, in Spain, Law 2/2023 on the protection of whistle-blowers establishes the obligation for all companies with more than 50 employees to have a reporting channel.

In March 2024, the first informational campaign was launched, targeting more than a thousand Spanish suppliers, to remind our direct collaborators and their professionals:

- the existence of Iberdrola's Whistle-blowing Channel, through which they can report or request information regarding allegedly unethical conduct by the company or any of its professionals,
- their legal obligation to have their own Whistle-blowing Channel that meets the requirements established by law, and if they do not have one or it does not meet said requirements, they need to implement or update it as soon as possible, to ensure adequate protection of individuals who wish to report possible irregularities.
- the importance of registering in Ariba-GoSupply is that your company has an enabled whistle-blowing channel in accordance with current legislation, which is accessible to both its staff and its suppliers, as well as their respective employees.

As a continuation of this initial action and to extend the initiative to the rest of the supply chain, a second campaign was launched in June 2024, targeting suppliers of Iberdrola Energía Internacional, and contacting more than 450 suppliers globally.

This type of awareness and dissemination campaign is expected to be progressively extended throughout 2025 to the suppliers of Avangrid, ScottishPower, Iberdrola México, and Neoenergia.



05

Human rights among suppliers

5. Human rights in suppliers

In managing suppliers and during the procurement process, the Group's measures to protect human rights are guided by principles from the Governance and Sustainability System, including the Regulatory Framework and the Code of conduct for directors, professionals and suppliers.

Based on these principles, Iberdrola has defined a supplier risk management system that includes registration, screening, risk assessment, and supplier management, including remediation processes and capacity development in suppliers. The Group bases its human rights and environmental due diligence system for its supply chain on these processes and tools that support it, and thus continuously monitors risks in its supply chain. Factors considered in this system include:

- The country or geographical origin of suppliers,
- their belonging to a specific sector or industry,
- the specific risk associated with the supplier's equipment, product or main commodity,
- Potential controversies related to sustainability performance, as well as social, labour and other human rights aspects..

The operation of this system allows the identifying of key risks and impacts within the supply chain allowing for adoption of appropriate prevention, mitigation and remediation measures. In addition, Iberdrola enhances this process by implementing additional actions aimed at supporting its suppliers in understanding these risks and improving their management through engagement with potentially affected parties.

Commitment to Human Rights in the General Terms and Conditions for Contracting for the Iberdrola group and in the Code of conduct for directors, professionals and suppliers

Iberdrola requires its suppliers to comply with certain Human Rights requirements, in accordance with the company's regulatory framework and its Code of conduct for directors, professionals and suppliers.

Among these requirements, as detailed in Chapter 4, the obligation of suppliers to observe the fundamental rights of their employees in labour matters, to prevent harassment, to ensure fair hiring, practices, safe and healthy working conditions, and to extend these same criteria to your own suppliers, subcontractors and other supply chains stands out.

In addition, through its Code of conduct for directors, professionals and suppliers, Iberdrola requires its suppliers to collaborate in identifying possible impacts on Human Rights matters, as well as to establish plans for the prevention and remediation of impacts in those cases where they are particularly severe. Finally, the Group requires its suppliers to establish the necessary mechanisms for their professionals and third parties to make complaints or claims anonymously in the event of possible human rights violations, as well as to inform them of the Group's internal information channels through which to report any practice contrary to the principles of the Code of conduct for directors, professionals and suppliers.

Moreover, the Group has set through its general terms and conditions, which are part of the orders and contract, social corporate responsibility clauses. These clauses are based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Organisation and the principles of the Global Compact,

and demand from suppliers, among other matters: that they provide and/or execute the supply and adopt the necessary measures in their organisations to:

- Promote responsible practices that support and respect the protection of human rights.
- Avoid any form of complicity in human rights violation.
- Respect workers' freedom to join a trade union and the right to collective bargaining and comply with the supplier's local Law.
- Eliminate all kinds of forced and compulsory labour, understood as all work or service required of an individual under the threat of any kind of penalty. Only labour that is offered freely and voluntarily by the individual is acceptable.
- Prohibit child labour within their organization, and respect the minimum working age as governed by current applicable legislation and have suitable, reliable mechanisms to verify the age of its employees.
- Remove any discrimination and/or harassment practice in terms of employment and occupation. Discrimination is construed as any differentiation, exclusion or preference by reason of race, colour, gender, religion, political opinion, nationality or social condition that leads to the annulment or alteration of equal opportunities in employment.
- Have a preventive approach to environmental issues to achieve sustainable development, limiting the works whose impact on the environment may be harmful.

Finally, for certain supplies, according to their human rights risk profile, Iberdrola includes specific clauses in the contracts. Overall, these clauses set obligations such as:

- Meet the Iberdrola's [Human rights policy](#) and reporting any breach thereof.
- Avoiding forced labour both in the activities carried out by the supplier and within its supply chain (from the extraction of commodities).
- Cooperating with Iberdrola in evidencing compliance with the requirements of its Code of conduct for directors, professionals and suppliers in the field of Human Rights, as well as those that may be established by the supplier in this area, to answer to information requests that may be raised by third parties.
- Collaborating in social and sustainability audits and traceability audits of the equipment or materials supplied in case Iberdrola wishes to perform them.
- Implementing due diligence systems in accordance with recognised international frameworks in order to identify, prevent, mitigate and, where appropriate, redress any human rights impacts.

Through these clauses, suppliers commit to upholding the Iberdrola Groups principles of social responsibility and respect for human rights. It should be noted that, during the term of the contract, the supplier must allow Iberdrola to review the degree of compliance with the principles in the contracts and, if breaches are detected and remedial plans are not adopted, the company reserves the right to terminate the contracts.

Human rights monitoring in the supply chain

All of suppliers of equipment and materials, works and services are monitored through screening processes considering, among other areas, their significant risks and management practices in various areas related to human rights. Based on the established criteria, those suppliers considered to have a higher level of risk are evaluated on Sustainability issues, with a special focus on:

- Human Rights Due Diligence: availability of due diligence policies and systems in line with the guiding principles on business and human rights, guarantee of absence of forced and child labour and modern slavery in their supply chains, existence of procedures and mechanisms for receiving complaints and complaints regarding human rights or discrimination and extending requirements and conducting social audits of its own supply chain.
- Labour practices: respect for fundamental rights such as freedom of association and collective bargaining, working conditions and decent pay in accordance with legislation and collective agreements, promotion of equal opportunities and work-life balance.
- Occupational Safety: existence of management systems and certifications, risk assessments, training of workers, accident and indicator monitoring, development of emergency plans and drills..

The management and mitigation of these risks are carried out through quality management processes implemented and through periodic audits conducted by each business unit.

This strategy was reinforced in 2022 with the global launch of a campaign of social and sustainability audits for main suppliers, with the goal of ensuring compliance with the Group's Sustainability criteria and validating the supplier assessment model. This initiative was further consolidated in 2023 and continued in 2024, a year in which 48 audits were conducted on main suppliers classified with a high level of risk.

Reinforcement on the human rights' due diligence

In 2024, the Procurement Division prioritized an ambitious multi-year goal aimed at strengthening the Due Diligence System in Human Rights and the Environment in the Supply Chain. To this end, a plan of action was defined and the actions to be undertaken during the year were established, as follows:

In this regard, the Group is working in various areas, such as:

- Updating the Code of Conduct for directors, professionals, and suppliers, as well as the Code of Conduct for Suppliers, as detailed in Chapter 4 of this report.
- Updating the General Terms and Conditions of Contract to adapt the requirements to any supplier in the field of human rights to the risks identified by the Group in this field.
- Ensuring a homogeneous approach in the application of the Human Rights Clauses to those suppliers with critical supplies for the company and/or with a higher level of human rights risk.
- Deepening the systems to assess the level of specific human rights risk associated with the different suppliers, to ensure that the management carried out, in each case, allows for adequate risk management.
- Strengthening the system of social audits developed by the Group and update the internal procedure for action in the event of identifying non-conformities.

With all this, Iberdrola aims to anticipate compliance with new human rights requirements that will soon be applied because of new legislation in the field, such as the new Directive on Corporate Sustainability Due Diligence (CSDDD).

Likewise, in 2025, new work areas have been incorporated into this objective, including the assessment of risks of second- and third-tier suppliers (Tier 2 and Tier 3) linked to certain first-tier suppliers (Tier 1) with higher potential risk. To this end, a pilot project has been carried out, consisting of conducting social and sustainability audits of specific members of these supply chains, with the aim of strengthening traceability and control in the deepest links of the supply chain network.

Purchases from at-risk countries from a human rights perspective

Purchases made in countries considered high-risk are periodically analysed, based on the country-risk map in human rights, which is updated annually by an independent third party. This map assesses risk by considering the operational context and sector of activity, in accordance with the recommendations of the United Nations Global Compact.

The updated 2024 version covers the 27 countries where the Group operates, as well as the 54 countries from which supplies are sourced. The analysis considers potential violations of the ILO's fundamental conventions on forced labour, freedom of association and collective bargaining, and child labour, among others.

The following table details the percentage of purchases made by the Iberdrola Group in countries classified as high risk. In 2024, the United States and Mexico have been included due to an identified increase in their risk levels, which differs from previous years.

COUNTRIES ² CONSIDERED OF RISK WHERE PURCHASES HAVE BEEN MADE ³	% OF PURCHASES OF TOTAL
United States	33.75%
Mexico	1.41%
India	0.40%
China	0.11%
Taiwan	0.03%
Turkey	0.02%
Philippines	0.01%
Qatar	0.004%
Singapore	0.001%

Considering the country of origin, the assessment of potential risk of human rights violations, and the invoicing of suppliers, it is estimated that:

- 34.3 % of the purchasing volume made in 2024 could be exposed to risks related to freedom of association and collective bargaining (due to the inclusion of the United States and Mexico).
- 0.4 % could be exposed to child labour risks.
- 1.6 % could be exposed to forced labour risks. .

2. Based on the supplier's country according to the CIF or Tax ID to which the supplier is assigned.

3. The criteria used to identify high-risk countries have been the same as those described in section "4.1 Information on the assessment process of relative importance" of the [Sustainability Report for 2024](#)

Nevertheless, in 2024 no contracts were identified with suppliers in which incidents related to freedom of association, collective bargaining, child labour, or forced or non-consensual labour occurred.

No complaints or communications have been received through the company's ethical channels that have led to the cancellation of contracts or orders due to reasons related to human rights or labour practices.

Likewise, no suppliers with significant adverse social impacts have been detected, nor have any incidents been recorded that led to the cancellation of contractual relationships with the Group's suppliers for this reason.

It is worth noting that, in 2021, a potential risk was identified in the value chain of photovoltaic technology, linked to allegations of forced labour in the Xinjiang region (China), related to polysilicon producers. Since then, the company has intensified efforts to ensure compliance with the Iberdrola Group Supplier Code of Conduct among suppliers potentially exposed to this risk.

Among the measures adopted are the inclusion of specific clauses in supply contracts to mitigate the risks of "forced labour" or "modern slavery," as well as the right to conduct social and sustainability audits, and to improve the traceability of photovoltaic modules components.

Intending to strengthen the traceability of the global value chain, Iberdrola participates in sectoral initiatives and collaborates with other entities to address common challenges and improve labour conditions in the supply chain. Examples of these initiatives include the Solar Stewardship Initiative of Solar Power Europe and Solar Energy UK, which seek to establish common standards and tools to ensure respect for human rights in the manufacture of equipment.

In addition, through its North American subsidiary, Avangrid, Iberdrola collaborates with the Solar Industry Forced Labor Prevention Pledge promoted by SEIA (Solar Energy Industries Association), contributing to the development of a traceability protocol that enables the identification of the origin of raw materials and their incorporation into final products.

Other Group subsidiaries also participate in alliances such as the Slave-Free Alliance, the Utilities Against Slavery Working Group (represented by Scottish Power), and the Risks of Modern Slavery Working Group of the Clean Energy Council (CEC), in which Iberdrola Australia is also involved.

In 2023, a multidisciplinary working group was established to monitor the risk of forced labour in the solar panel supply chain from an internal perspective. Its aims to deepen the assessment of this risk, interpret legislative developments, and define measures to strengthen the company's due diligence. In 2024, this monitoring was extended to other categories of main equipment including wind turbines, batteries, inverters, metal structures, and solar trackers.

In parallel, in 2024, the Procurement Division included among its priorities an ambitious multi-year objective to strengthen the Due Diligence System on Human Rights and the Environment in the supply chain. To this end, an action plan was defined, which includes, among other measures: :

- the update of the Code of Ethics and the General Terms and Conditions of Contract.
- the prioritized focus on applying human rights clauses to suppliers of critical supplies or those with higher risk levels.
- the strengthening of risk assessment systems specific to human rights.
- the expansion of the system of social audits and traceability.
- and the update of the internal procedure for action in case of identification of non-conformities..

Finally, the Group develops other initiatives aimed at promoting positive impacts for the workers in the value chain, fostering labour well-being and economic and social progress.

A tour of human rights and your company

Human rights are relevant to businesses because they can have an impact on the human rights of all their stakeholders during their operations.

Iberdrola provides its suppliers with an online awareness-raising module on human rights through its website.

We encourage you to take our virtual awareness-raising tour of human rights and share it with their employees and other stakeholders. The tour is available in the “Human Rights and Business” section of the corporate website:

<https://www.iberdrola.com/suppliers/contribution-sustainability/human-rights-business>

How can **business** impact **human rights** on **stakeholders**?



Alignment of procurement and supplier management with human rights criteria:

INTERNAL MECHANISMS		EXTERNAL MECHANISMS WITH SUPPLIERS	
Purchasing Policy	Encourage rigorous compliance with the contractual conditions by suppliers, with particular attention paid to the principles outlined in the <i>Policy regarding human rights</i> .	<u>Code of Conduct for Suppliers</u>	Labour practices: Respect the protection of basic human and workers' rights, as recognised internationally, within their area of influence (forced labour, child labour, etc.) Extension of requirements to subcontractors and the rest of the supply chain of the supplier.
Supplier registration and classification	Acceptance the <u>Code of Conduct for Suppliers</u> The weighting of the supplier's status regarding sustainability, labour practices, and respect for human rights Analysis of the suppliers' risk in terms of modern slavery.	Specific contracting terms and conditions	Specific contractual clauses relating to the supplier's social responsibility based on the UN Universal Declaration of Human Rights, ILO Conventions and the principles of the Global Compact. Specific "reinforced" clauses in contracts, based of the risk profile of the supply.
Screening	Blocking and remedial plan for cases in which a supplier has been sanctioned or there are signs their activities may violate human rights.	Traction campaigns	As a company with high economic impact, we drive suppliers in areas of common interest to ensure reliable and responsible behaviour throughout the supply chain.
Annual improvement goals	New feature: putting in place annual improvement goals for the Procurement Team that are directly linked to improvements in suppliers' sustainable development; these are related to variable remuneration.	Modern Slavery Act (United Kingdom and Australia)	Supplier classification and auditing protocols adapted to contractual clauses in material contracts.
Sustainable Development Committee and Plan	The Procurement Division is a member of the Group's Sustainable Development Committee: guidelines, targets set, and associated KPIs. A multidisciplinary working group at the corporate level to monitor the risk of forced labour in the supply chain for solar panels.	Sustainability Assessment Model	Specific section to assess the supplier's CSR and HR performance. Social and sustainability audits at the work centres for certain key suppliers.
Transparency & Reporting	Purchasing in risky countries indicator. Contribution to sustainability infographic. Annual Procurement and Suppliers Management Reports published on the corporate website.	Supplier of the Year Award	This promotes supplier commitment and improvement and publicly recognises those whose performance is outstanding.



06

Sustainability in purchasing management and the relationship with suppliers

6. Sustainability in procurement management and the relationship with suppliers

Commitment to the sustainability of our supply chain at the highest level

Iberdrola updated its Sustainability Goals in 2024. Following a new double materiality study, the identification of the most relevant aspects has been redefined, considering both the impact of the Company's activities on its stakeholder groups and the risks and opportunities that these aspects represent for the organisation itself. As a result, the Sustainability Goals have been reformulated.

The goals are structured around five pillars that encompass, environmental, social, governance, and financial dimensions, aligning with the [Ethical and Basic Principles of Governance and Sustainability of the Group](#).

These goals are structured around five pillars that integrate environmental, social, governance, and financial dimensions, and are aligned with the ethical and basic principles of governance and sustainability of the Group.

- Boosting electricity as a clean, autonomous, local, stable, secure and competitive source of energy,
- Strengthening human and social capital
- Working to ensure a sustainable value chain
- Keeping a culture of ethics, transparency, and good governance
- Protecting nature and fostering efficient use of resources



The Company's main sustainability goals are structured around these five key priorities. One of these priorities is to **ensure a sustainable value chain**.



Iberdrola has the responsibility and the ability to encourage its suppliers to improve their environmental, social and ethical performance through actions that promote excellence in sustainability management.

The Procurement Division actively participates in the Corporate Sustainability Committee, serving as a particularly attuned spokesperson for the demands and interests of suppliers, who are considered strategically important to the Group.

For over 18 years, Iberdrola's Procurement Division has been implementing improvements to enhance the sustainability of its suppliers. In 2020, this goal was elevated to a company strategic sustainability objective.

In 2023, this objective was redefined for the 2023-2025 period, and it was once again included as one of the Group's strategic goals.

Starting in 2024, Iberdrola's commitment to Sustainability has taken shape through the definition of two specific goals related to the development of a sustainable supply chain, along with their corresponding management indicators to measure the degree of achievement of these goals:

Ensuring a sustainable value chain		2024	2025	2026	2030
Sustainable supply chain	 Purchases from sustainable suppliers % of total purchases	93%	>= 85%	>= 85%	>= 85%
	 Percentage of main suppliers subject to sustainable development policies and standards	88%	> 85%	> 85%	> 85%

Objective included in the Strategic Bonus 2023-2025 of the Iberdrola Group

One of these defined goals, the "Percentage of key sustainable suppliers," is directly reflected in the assessment of the 2023–2025 Strategic Bonus. This indicator is explicitly included in item number fourteen of the approved agreements⁴ (subsection "b" of section "4"). It pertains to parameters related to the Sustainable Development Goals ("SDGs"), as presented at the General Shareholders' Meeting of Iberdrola, S.A., held on 28 April 2023.

The Strategic Bonus 2023-2025 is established as a long-term incentive linked to the Company's performance in relation to the "Outlook 2023-2025" approved by the Board of Directors, as well as updates presented to investors. Iberdrola's performance assessment as of December 31, 2025, will be conducted based on financial, business, and sustainability parameters, projecting an ambitious and demanding scenario for a company that not only aims to maintain profitable growth and a solid financial position, but also to strengthen its leadership in the energy transition and the decarbonisation of the electricity sector.

The goal is supported by a specific assessment model for the supply chain, defined for the entire Group in 2019 and implemented in 2020. This model was integrated into the systems by the Procurement Division, both in the supplier assessment and management system and in the Group's purchasing management system by, incorporating the sustainability assessment of the Group's suppliers as a key criterion in procurement decision-making.

⁴ https://www.iberdrola.com/documents/20125/2729910/jga23_Acuerdosadoptados.pdf

Supplier Sustainability Programme

The Iberdrola group has incorporated mechanisms and controls into its supplier management model, as well as into its purchasing procedures and processes to ensure the effective internal implementation of sustainability improvement programs for its suppliers. Furthermore, measures have been established to identify and mitigate risks and potential material impacts resulting from supply activities.

In addition to adapting the tools and processes to manage this program efficiently, assessing potential sustainability risks and consequently planning corrective actions to ensure solid performance throughout the supply chain, periodic reviews of the Sustainability Program with suppliers are conducted.

The purpose of this periodic review is to ensure that the program adapts to the needs and expectations of both internal stakeholders and of society as a whole.

That is why, during the first half of 2024, the review of the Sustainability Program with suppliers was carried out, in coordination with other key areas in the company to identify the impact of the following legislation related to the sustainability of supply chains:

- Corporate sustainability reporting directive (CSRD)
- Carbon Border Adjustment Mechanism (CBAM)
- Corporate Sustainability Due Diligence Directive (CSDDD)
- Regulation banning products made with forced labour

As a result of this review, new lines of action were identified with potential for development during 2024 and 2025. In this context, a pilot project was proposed to analyse various platforms available on the market that enable mapping of the supply chain and assess risks beyond the direct supplier. Additionally, several “proofs of concept” were conducted with some of these platforms to verify the validity of the results. Additionally, the possibility of conducting a pilot project focused on social and sustainability audits of key subcontractors of Tier-1 suppliers was deemed critical.

Ultimately, the Procurement Division assumes the responsibility of ensuring that both the review of the Supplier Sustainability Program and the improvements resulting from it—based on the criteria approved by the Board of Directors—are effectively implemented within the Iberdrola Group’s due diligence systems. This is done to align the Sustainability strategy for the supply chain and the operational management of the Group’s procurement processes.

Monitoring the outcome of the Sustainability Program with suppliers

Ultimately, the Board of Directors oversee the strategy for implementing the supplier’s Sustainability programmes.

As part of Iberdrola’s on-going commitment to transparency and communication with shareholders and the markets, the Company has published the [Activities Report of the Board of Directors](#) for 2024 Including information on the Board of Directors, the Delegated Executive Committee, and the Risk Audit and Supervision Committee, the Appointments Committee, the [Remuneration Committee](#), and the Sustainable Development Committee.

During 2024, one of the main areas of focus for the Board of Directors was overseeing risks with the most significant potential impact on the implementation of the Group’s strategy. In turn, among the Sustainability Strategy supervision tasks, we can find:

- Tracking compliance with the Sustainable Development Plan for the 2023–2025 period and
- Monitoring the sustainability of the supply chain and, in particular, of the processes of the relationship of the Company in this matter with its suppliers.

By the end of 2024, more than 87% of the group's key suppliers awarded contracts in 2024 will already meet the established criteria and be subject to sustainable development policies and standards, thus meeting the target percentage of key sustainable suppliers.

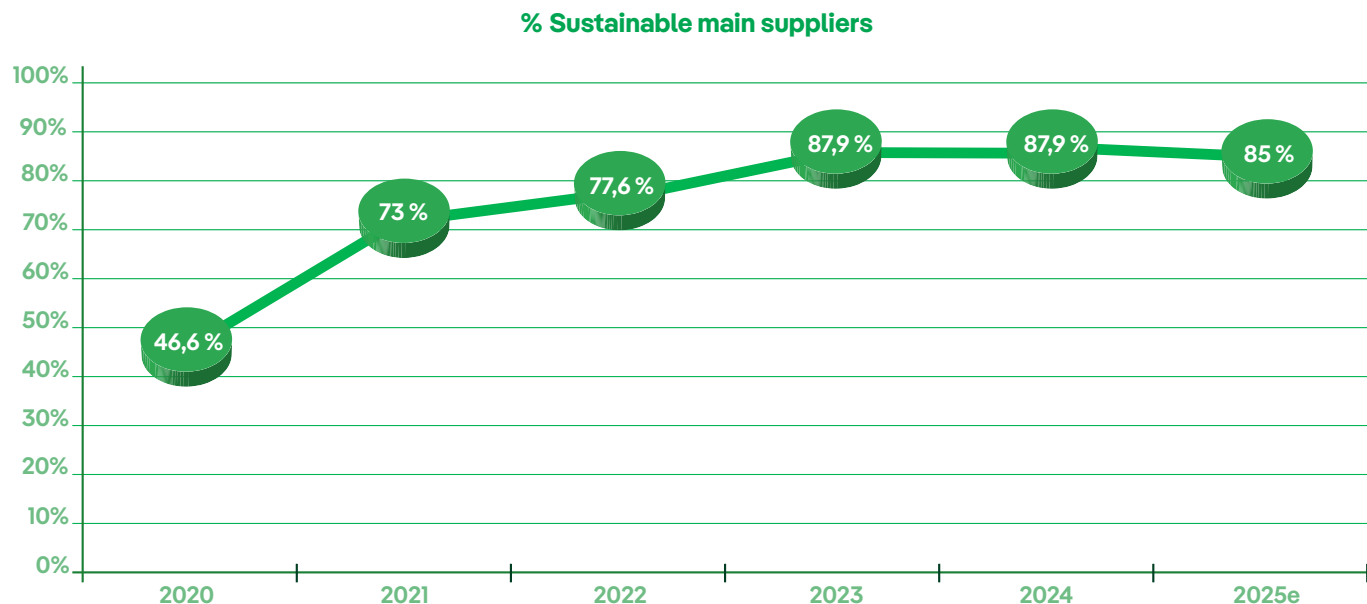
On the other hand, € 17 billion were allocated to suppliers assessed based on this sustainability model in 2024. This amount represents 96% of the total amount awarded to the various suppliers that comprise the Iberdrola group's supply chain. Of this amount, approximately € 16.5 billion (93% of the total awarded) was allocated to suppliers who exceeded the indicated sustainability level.

The outcome of the Supplier Sustainability Program and degree of compliance with the indicators established for 2024, included in the [Iberdrola Group 2024 Sustainability Report](#) are shown in the following table:

SUSTAINABILITY GOALS SUSTAINABLE SUPPLY CHAIN 2024	2024 CLOSING	GOAL 2024
Purchases from sustainable suppliers	92.97%	≥ 85%
Percentage of sustainable suppliers	87.93%	≥ 85%

Evolution of percentage of key suppliers subject to sustainable development policies and standards

For 2025, improvement targets have been set for the entire Procurement Division related to the percentage of main suppliers that achieve these sustainability levels. The target for 2025 is to exceed 85% of key suppliers who are subject to sustainable development policies and standards, thereby qualifying as sustainable suppliers. The target has been set at the Management level, with the rollout to be implemented at the business and country levels.



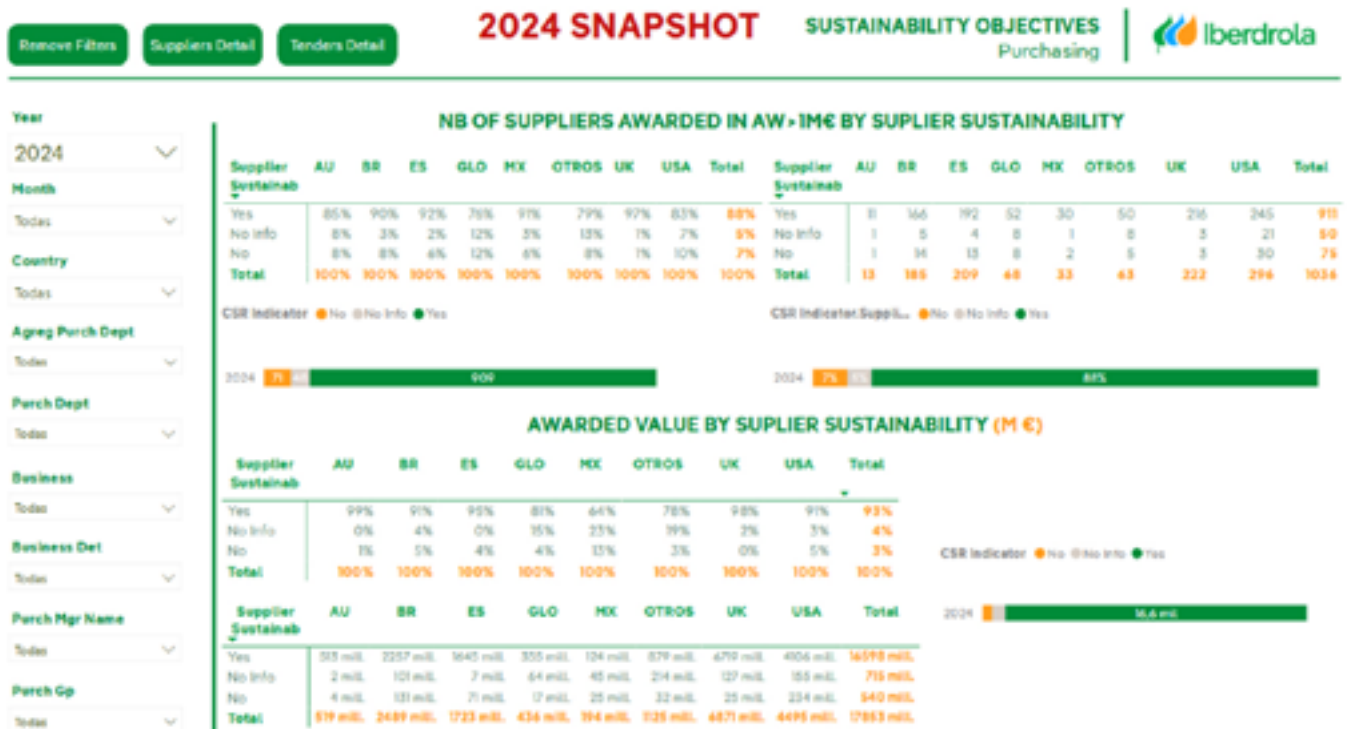
* Data based on extrapolating responses obtained before the end of 2020, supplier onboarding year which ended in 2021.

On-going monitoring of the indicators of the Sustainability Program with suppliers

Iberdrola, through its Procurement Division, has tools to monitor and ensure the effective implementation of supplier sustainability programs.

To monitor the number of main awarded suppliers subject to sustainable development policies and standards on an ongoing basis, an internal dashboard, with real time updates, has been developed. Every day, after the awards are finalised, the dashboard is automatically updated, allowing for the monitoring of this target by business, country, and category of purchase, along with the identification of suppliers based on their sustainability profiles.

Thus, all procurement managers can quickly view the updated sustainability profiles of the successful suppliers. On the other hand, the tool also allows for the monitoring suppliers participating in ongoing tenders.



The availability of up-to-date information enables the quick identification of opportunities for improvement for each supplier, and the setting of specific targets for improvement.

Continuous review processes to ensure compliance with the Code of Conduct for administrators, professionals, suppliers and sustainability criteria in the procurement process

Iberdrola, through its Procurement Division, has established measures to ensure the effective implementation of sustainability programs targeting its suppliers.

The purpose of these processes is to ensure the effectiveness of the Supplier Sustainability Program and that it adapts to the needs and expectations, of both internal and external stakeholders, and society at large.

All suppliers participating in tenders worth more than €700,000 are assessed using the sustainability assessment model of the Iberdrola Group. Additionally, other relevant risks are analysed, such as credit risk, compliance risk, safety and health risk, and cybersecurity risk.

If, following the assessment of a supplier, the level of some of these risks is higher than normal, or an opportunity for improvement is identified to prevent potential breaches of the Sustainability requirements and the Suppliers' Code of Conduct, the corresponding corrective action plan or improvement plan will be negotiated with the supplier to continue with the procurement process.

Monthly monitoring is conducted by the Procurement Division, together with the Compliance Unit, which reviews all cases of potential non-compliance with the Suppliers' Code of Conduct. For suppliers who, after an initial screening and subsequent assessment, present a higher than acceptable level of risk, management is either proposed through an improvement plan or a specific remediation plan.

This approach enhances the supply chain by increasing its alignment with the Supplier Sustainability Program requirements.

Prioritising sustainable suppliers in the award process

The Iberdrola group has set a strategic target to increase the percentage of key suppliers that are subject to sustainable development policies and standards, including classifications as sustainable suppliers. To this end, it has established two related goals: to increase both the number of key sustainable suppliers and the amount awarded to sustainable suppliers.

This initiative constitutes a clear signal to encourage the continuous improvement of the sustainability profile of Iberdrola's suppliers, who recognise that sustainability is a priority in the procurement process.

During the supplier selection phase, procurement managers prioritize evaluating the sustainability performance of each bidder as a key criterion in the award decision.

In those cases, if a supplier fails to meet a minimum requirement or does not implement a requested improvement within specified timeframe, they may be excluded from the procurement process and thereby forfeit the opportunity to be awarded a contract.

Training on Sustainability for the procurement team

One of the key factors in improving the sustainability of the Group's suppliers has been the ongoing effort by buyers through their regular communication with suppliers they frequently engage with. The procurement managers have effectively conveyed the sustainability requirements and priorities and, in some cases, have even taken on a pedagogical role, explaining elements of the Group's assessment model and advising on possible courses of action to achieve the required level of improvement.

For this reason, it has been necessary to carry out ongoing training for purchasing managers at a global level to introduce and deepen their understanding of the fundamental principles associated with the various elements of the sustainability evaluation and risk assessment model.

This year, the sessions titled ("Better I tell you"), have continued, on a monthly basis, and all buyers are invited to attend. These are online sessions where updates related to the Procurement Division are presented, including improvements implemented in the procurement process and new requirements to be incorporated. These sessions have enabled in-depth discussions on various topics of interest, focusing on Sustainability, improved risk management, and mitigation mechanisms.

At the beginning of 2025, several training sessions were held to review with newly incorporated buyers (Spain and Australia) the basic knowledge of Sustainability and the supplier assessment model. Iberdrola integrates sustainability into its strategy, and in these training sessions, buyers are instructed to communicate to suppliers the need to make the necessary efforts to meet Iberdrola's Sustainability objectives in our supply chain. These training sessions will be held across the rest of the sub holdings throughout 2025.

Supplier screening and classification processes

Effective supplier management has become a critical factor in driving continuous improvement across the value chain while generating the necessary decision-making for decision making in the Procurement area.

Iberdrola's rapid and profound transformation over recent years has also multiplied our responsibility as a global company, placing orders with thousands of suppliers worldwide throughout the year.

The global supplier management model is the foundation for building a comprehensive and uniform corporate processing for responsible supplier management whatever the suppliers' location, economic activity and the territorial scope in which purchases are made. Nevertheless, we respect local requirements that exist in the supplier's country of origin.

The Iberdrola group has implemented supplier classification and screening processes to identify potentially critical suppliers based on the different risk criteria established in the Purchasing Policy:

- relevant or priority suppliers based on their relationship with the group's activities and
- suppliers with a higher **than normal** risk level

Supplier "screening" methodology

The criteria and automated monitoring and classification processes implemented by Iberdrola are detailed, aimed at identifying and managing risks associated with its global supplier network. These processes align with the principles of the Group's Purchasing Policy and follow structured risk criteria across the following dimensions:

- Relevance or priority of the supplier, based on their impact on Iberdrola's activity, considering both contract volume and supply chain criticality.
- Risk of fraud and corruption, assessed through compliance indicators, sanction history, and internal control mechanisms.
- Supplier sustainability risk, which considers the potential negative impact on environmental, social, governance, and ethical dimensions. To evaluate this risk, specific risk factors are considered:
 - Geographic origin of suppliers: risk is assessed based on the supplier's country or region, using international indices related to governance, human rights, and political stability. This considers the likelihood of adverse sustainability impacts stemming from a country's political, social, economic, environmental, or regulatory context.
 - Business sector exposure: certain industries inherently carry higher sustainability risks. These sectors are evaluated for their labour practices, energy consumption, resource intensity, emissions, and pollution potential.
 - Nature of the supply or commodity's supply chain structure: certain type of equipment, product, raw material, or service provided is analysed for inherent sustainability risks (solar panels, batteries, or steel). This includes factors such as supply chain complexity, labour conditions, modern slavery potential risks, land use, energy and resource demands, emissions, material toxicity, and pollution potential.
 - History of controversies linked to poor sustainability performance, particularly in social, labour, or human rights matters, identified through external sources and specialised platforms..
- Cybersecurity risk, including assessment of the supplier's maturity level in this field, their data protection capabilities, and their exposure to cyberattacks, both in their own systems and across the supply chain.

Iberdrola deployed various methodologies for the execution of supplier screening and classification processes. Some are carried out internally by different specialised areas within Iberdrola, applying proprietary criteria and data analysis tools. Others rely on external platforms specialised in third-party risk assessments, such as

Achilles-GoSupply, DowJones, Refinitiv (LSEG), RepRisk which allow the integration of information from multiple sources and the generation of early alerts.

Finally, supplier classification and screening processes serve as a foundational step in identifying potentially critical suppliers. These suppliers are subject to more rigorous evaluations, including targeted audits, tailored improvement or remediation plans, and capacity-building initiatives—aligned with Iberdrola’s responsible supply chain management model.

Initial enhanced screening in the registration of suppliers

In 2021, the Group’s Compliance Unit implemented a new form of “reinforced screening”, all suppliers that register in the Iberdrola Group’s procurement systems are analysed in matters of fraud and corruption, as well as their parent companies and/or subsidiaries, directors and shareholders.

This analysis is carried out before the supplier can be invited to any tender process.

In the analysis of risk, fraud, and corruption, it considers other aspects:

- Links with countries considered by the compliance function as higher-than-normal risk.
- International sanctions,
- Adverse news or incidents in the field of:
 - Human rights,
 - Modern slavery and child labour,
 - Corruption and bribery,
 - Competitiveness,
 - Environment,
 - Other irregularities and unlawful conduct.
- Links with persons with public responsibility or public entities.

Based on this analysis, the compliance function evaluates the level of fraud, corruption, and risk of suppliers and debtors later recording this rating in the corporate systems:

- If the risk is considered **higher than normal**, the compliance function will monitor all transactions intended to be entered into with that third party.
- Third parties (Suppliers and debtors) considered as **critical fraud risk** are blocked in the systems, which prevents the execution of any transaction or payment in relation to them, thus resulting in their inability to participate in procurement processes.

As indicated in the [Transparency Report on the Compliance Systems of the companies within the Iberdrola Group in 2024](#), published in April 2025, a total of 5,817 third-party assessments (suppliers and debtors) were conducted through this process, compared to 4,363 assessments carried out in 2023.

Daily screening

After initial screening, at the time of registration, all third parties, including Group suppliers, are monitored daily through fraud and corruption databases (ongoing screening).

An external service monitors this process and automatically alerts the relevant compliance function of any updates concerning any Group’ supplier or third parties. The Compliance Unit promptly analyses the new information to update this supplier’s risk assessment.

Based on this analysis, the compliance function qualifies the risk of fraud and corruption of suppliers, and this classification is added as an indicator in the corporate management systems, among which are Procurement platforms.

Suppliers' classification by relevance or priority of the supplier for the Group

During 2022, an automated system was implemented to make the supplier classification process more efficient by assigning priority levels. Therefore, it is possible to standardise the classification levels to speed up the process of assessing suppliers. Priorities are based off the assessment of the pre-existing relationship with each of them, in terms of activity and the level of participation of the Group's suppliers in the tenders to which they are invited. Suppliers with active contracts are also considered, allowing resources to focus on analysing those with current or potential future relationships.

This classification process forms the basis for determining which suppliers should be assessed based on to their level of relevance and priority, recognizing differences among supplier groups that:

- Would like to work with Iberdrola,
- Are participating in a tender,
- Have been awarded a contract or framework agreement to supply equipment and materials or to execute works and services,
- Have a current service provision contract in and/or outside work centres of Iberdrola,

Therefore, it is possible to standardise the classification levels to speed up the process of assessing suppliers.

In general terms, we consider suppliers with a higher risk level to be those suppliers that have participated in a tender for an amount equal to or greater than 700,000 Euros and may be potential winning bidders.

Suppliers' screening due to cybersecurity risk

In 2023, a new methodology was implemented to mitigate cybersecurity and data protection risks in the selection process of suppliers to be contracted by the Iberdrola group. Assessing in advance their degree of maturity to manage cybersecurity and data protection risks.

For several years, the requesting organisations, together with the cybersecurity and data protection managers of the Group's businesses, have assessed each of the purchasing processes the implied risk associated with the scope to be contracted. Depending on the result of this assessment, for scopes identified with high or critical cybersecurity and data protection risk, the contractual documentation to negotiate with the supplier and incorporate in orders or contracts has been determined.

As a new requirement since October 2023, all tenders to be contracted that were identified with high or critical risk in cybersecurity and data protection, must perform a specific assessment to obtain their score, called "Score in Cybersecurity".

To make this supplier classification process more efficient, an automated process has been designed and implemented. This system selects new suppliers that participate in tenders identified with high or critical cybersecurity and data protection risk. After selecting suppliers, the system sends a request to the supplier risk management platform and through it, the identified suppliers are invited to complete the corresponding cybersecurity and data protection assessment.

Screening to Tier-n suppliers

The depth of Iberdrola's supply chain represents a significant challenge when it comes to analysing and classifying suppliers, as well as establishing effective conditions for the assessment of risks beyond the direct supplier level (Tier-I).

Since 2020, most global supply chains have been impacted by a series of disruptions: logistical problems, increased demand, geostrategic and military conflicts, rising costs of raw materials and energy, extraordinary global inflation, increased labour costs, and supply chain interruptions across many sectors. In recent months, a tariff war has intensified, distorting international trade, and generating an environment of growing instability and unpredictability. Given this scenario, it becomes even more necessary to deepen the understanding of Iberdrola Group's supply chains, as well as to identify and monitor those with higher levels of risk.

Traditionally, responsibility for managing the behaviour of subsequent levels of the supply chain rested with the direct suppliers. This responsibility was reinforced by the conditions established in the Code of Conduct for administrators, professionals, and suppliers, as well as in the general contracting conditions.

Currently, the sustainability evaluation model for Iberdrola Group suppliers includes mechanisms to identify how they manage their own supply chains and their relationships with third parties. Suppliers must declare whether they have any of the following elements:

- Mechanisms to assess the ethical integrity of third parties with which it interacts.
- Specific clauses on anti-corruption and business ethics, and other means to convey these commitments to third parties.
- Whistleblowing channels enabling their own suppliers to report potentially irregular conduct or actions contrary to the law or internal regulations.
- Specific clauses on respect for human rights across all areas of activity, including the possibility of terminating contracts in the event of violations.
- System for the classification and evaluation of suppliers in terms of sustainability.
- Social and sustainability audits to key suppliers.

In 2023, a new model was developed to identify, either fully or partially, the origin of supply and equipment considered critical, to enhance the assessment of the local procurement indicator.

In 2024, proof-of-concept tests have been carried out with various “Tier-n” platforms available on the market. The objective is to improve visibility and information relating to risks in a centralised and structured way, especially regarding some potentially critical Tier-1 suppliers and their respective supply chains. As a result of these tests, the implementation of a tool is being considered that would systematise the identification of potential risks in said chains, to anticipate possible disruptions and ensure compliance with new regulations (such as CS3D or EUBR), following the approval of the first OMNIBUS package by European regulators.

KPI's for suppliers' screening and classification

Based on the results obtained through the screening and classification processes, potentially critical suppliers are identified, whether due to their level of relevance or priority, or because they present a sustainability higher-than-normal risk level.

The following table shows the number of suppliers identified as potentially critical:

SUPPLIERS' CLASSIFICATION AND SCREENING	2024	2023	2022
Total number of Tier 1 suppliers	18,769	18,711	18,753
Total number of Critical Tier 1 suppliers ⁵	1,597	1,507	1,201
% of expense in potentially critical suppliers in Tier 1	92.8%	93.44%	96.46%
Total number of NO potentially critical suppliers in Tier 1	0 ⁶	0	0
Total number of potentially critical suppliers	1,597	1,507	1,201

This data has also been included in the in the [Iberdrola Group 2024 Sustainability Report](#), verified by KPMG Auditores, S.L.

⁵ bearing in mind the Tier 1 suppliers is every successful bidder for an order for the year

⁶ The data from table at the closing of 2024. As stated in the previous section, at the beginning of 2025, four potentially critical Tier-2 and Tier-3 suppliers were identified and have been evaluated through a social and sustainability audit in accordance with the SMETA standard.

Finally, it should be noted that the risk evaluation in sustainability of potentially critical suppliers of the Iberdrola Group is carried out primarily through the Achilles-GoSupply platform.

Suppliers' sustainability assessment

Iberdrola aims to ensure supplies and suppliers are sustainable, transparent, fair, and ethical. Therefore, once potentially critical suppliers are identified through the classification and screening processes, in accordance with the various risk criteria established in the Purchasing Guidelines, they are evaluated during the procurement process to determine their potential risk. This way, it is verified that their “modus operandi” aligns with the Group's policies, principles, and responsibilities.

When a supplier has not been previously evaluated and is invited to participate in a tender with an estimated value equal to or greater than €700,000, or if it is detected that the supplier presents a risk level above normal, they will normally be invited, via the classification and screening processes, to register on the Achilles-GoSupply platform under the “**360° level**” modality to enable a comprehensive risk assessment.

This evaluation is carried out at an early stage of the process and, once the results are obtained, it allows the buyer to identify where to apply possible risk mitigation measures deemed necessary.

For tenders with an amount below €700,000, or in cases where no potential risk is detected, participating suppliers will also be evaluated through Achilles-GoSupply, but under the Basic modality.

360° suppliers' sustainability assessment on Achilles-GoSupply platform

The Procurement Division of Iberdrola designed its own model to evaluate the position and performance of each key supplier around the three fundamental axes of Sustainability: environmental, social, and governance (ethics and compliance), which align with the principles established in our Code of Conduct for administrators, professionals, and suppliers.

This model has been agreed upon with the main internal stakeholder groups, including Corporate Sustainability, Compliance, Innovation, Environment, and Quality divisions. It was also validated by Forética, an external entity specialised in compliance and sustainability.

With the objective of sharing this model with our suppliers and other stakeholders, a specific infographic was issued and is available on our website ([www. iberdrola.com](http://www.iberdrola.com)).

https://www.iberdrola.com/documents/20125/42205/Supplier_Sustainability_Assessment_Model.pdf



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**.

1

MODEL

E S G

2

PLATFORM



3

MEASUREMENT

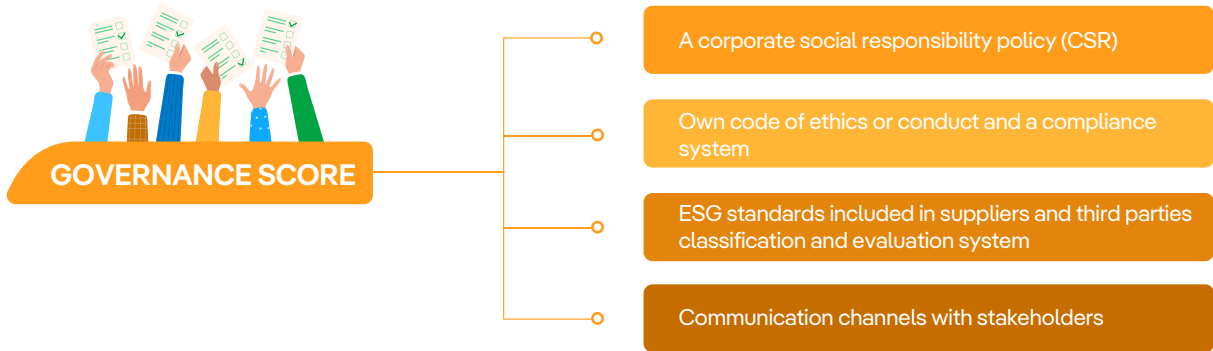
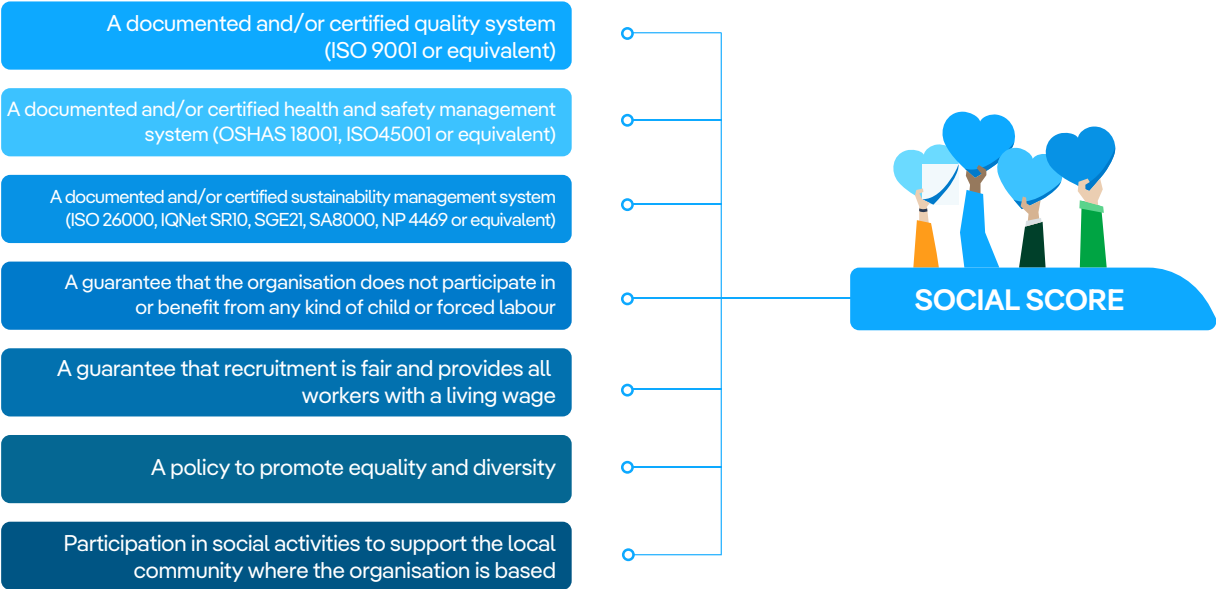
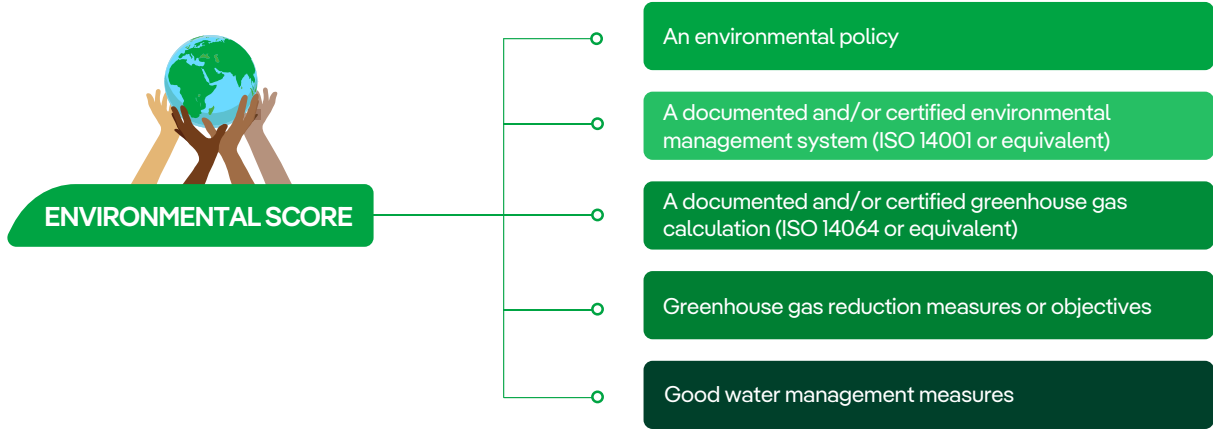


INTEGRATED IN
PROCUREMENT
DECISION-MAKING



IMPROVEMENT PLANS

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

INTEGRATION IN PROCUREMENT DECISION-MAKING

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). In the mid-term, companies that do not reach the required standards run the risk of being dropped as Iberdrola suppliers.

The supplier sustainability assessment model is tailored to the international scope of the Iberdrola group. It aspects with high impact criteria, such as alignment with sustainable development goals, climate risk management, circular economy strategies, and human rights due diligence, among others.

The assessment process is conducted via the Achilles-GoSupply platform. Suppliers complete a questionnaire providing information and evidence on their policies, management system certifications, practices, performance, and public sustainability disclosures.

Subsequently, this information is reviewed and verified by Achilles-GoSupply. As a result of this process, a score is obtained that reflects the supplier's performance in terms of sustainability. This process includes a systematic verification of compliance with the specifications and established requirements.

Across the three dimensions under analysis (environmental, social, and governance), the following information is assessed: :



Following the analysis, suppliers are classified into two levels: adequate if their score is over 51 points out of a possible 100 at least 30% of the points in each of the ESG axes, and inadequate in all other cases. .

Social and sustainability audits to main suppliers

In 2021, a protocol was developed for conducting social and sustainability audits, with the aim of verifying compliance with the Group's sustainability criteria and directly validating the responses previously recorded in the supplier classification system, through on-site inspections at supplier facilities.

In 2022, the first campaign of social and sustainability audits was carried out across 42 suppliers in the five main geographies of the Group (Spain, the United Kingdom, the United States, Mexico, and Brazil). The selection of suppliers to be audited was carried out in coordination with the internal audit area to ensure total impartiality and a more effective and targeted selection. In 2023, a total of 28 audits were conducted across the same geographic areas.

In 2024, as recorded in [the Iberdrola Group 2024 Sustainability Report](#), a total of 48 social and sustainability audits were carried out on main suppliers, both in the geographical areas where the Group is present and in countries such as Germany, China, South Korea, and the Philippines. These audits have enabled for on-site verification of suppliers declared good practices previously declared by suppliers, the degree of implementation status of action plans, and the improvement opportunities and revealing only minimal deviations.

The "in situ" evaluations included on-site visits to supplier facilities by auditors, who assessed the operations, policies, systems, and sustainability performance of the suppliers. These visits typically involve reviewing documents and records, touring facilities, and conducting interviews with company representatives, employees, and other interested parties.

The result of the 2024 Sustainability Audit campaign was highly satisfactory. The audits confirmed that the suppliers evaluated show a high degree of implementation of sustainability policies and best practices.

Tier-n Supplier Risk Assessment:

Additionally, as part of actions to strengthen supply chain due diligence, a pilot program was launched to assess social and sustainability risks of four Tier-2 and Tier-3 subcontractors of a potential Chinese main equipment supplier, with no prior commercial ties to the Group. The pilot program included four audits conducted under the SMETA standard by SEDEX, all of which yielded satisfactory results. This milestone marks a significant advancement in the Group's risk mitigation strategy, ensuring that the supply chain of new suppliers aligns with its standards on human rights and environmental protection.

KPI's for suppliers' sustainability assessment

As outlined in [the Iberdrola Group 2024 Sustainability Report](#) the following table shows the quantitative data for suppliers identified as potentially critical during the classification and screening processes, the suppliers evaluated, and those identified as requiring action plans.

SUPPLIERS ASSESSMENT	2024	2023
Total number of suppliers classified as potentially critical	1,597	1,507
Total number of suppliers classified as potentially critical assessed through GoSupply or through on-premise audit processes	1,524	1,441
% of suppliers classified as potentially critical	95.43%	95.62%
Suppliers assessed implying corrective mitigation measures	147	95
Suppliers assessed implying improvement plan	141	170

Following the screening and the evaluation processes, it is concluded that in 2024, a total of 288 suppliers were identified as having potential or actual impact, requiring either an improvement plan or a corrective action plan to mitigate their level of risk in terms of sustainability.

This data was also included in [the Iberdrola Group 2024 Sustainability Report](#) and was verified by KPMG Auditores, S.L.

Corrective measures and improvement plans

KPI's for supplier's corrective plans and measures

During 2024, the suppliers classified as potentially critical were assessed and following the assessment, 147 suppliers whose level of risk is critical and could have some impacts were identified.

For this group of suppliers, 100% of the cases were handled in accordance with the Guide to action and penalties against practices that contravene the Code of Ethics in response to possible breaches of conduct, and in alignment with the Code of Conduct for administrators, professionals, and suppliers, as well as with Iberdrola's Compliance Policies. These corrective measures serve the dual purpose of establishing actions aimed at mitigating and/or remedying breaches of the Code of Conduct for administrators, professionals, and suppliers that have been detected, and of attempting to prevent such breaches from recurring in the future.

Ultimately, corrective measures involving sanctions or contract termination have been applied to 20 of the 147 identified suppliers. Sanctions have been imposed on 17 suppliers, and the contractual relationship has been terminated with 3 of them.

Suppliers assessed with potential or real impact requiring corrective or mitigation measures.	2024	2023
Suppliers with corrective or mitigation measures implemented without sanctions or contract termination.	127	74
Suppliers assessed with potential or actual impact, with corrective mitigation measures implemented and who were sanctioned.	17	19
Suppliers assessed with potential or actual impact and with corrective mitigation measures implemented, and for whom the contractual relationship was terminated.	3	2
Total corrective or mitigation measures.	147	95

This same data breakdown has also been included in the annual report [Iberdrola Group 2024 Sustainability Report](#), verified by KPMG Auditores, S.L.

Moreover, the number of contract cancellations is also detailed in the [Transparency Report on the Compliance Systems of the companies within the Iberdrola Group in 2024](#).

Sustainability improvement plan proposals to suppliers

Iberdrola follows a proactive strategy, driving its suppliers to become more sustainable. We offer opportunities to suppliers that are technically valid and economically competitive, so that they can stay up to date in matters of sustainability. We send proposals for personalised improvement plans to suppliers that are not at adequate sustainability levels, in order to strengthen a long-term relationship with Iberdrola.

KPI's for suppliers Sustainability improvement plans

At the closing of 2024, improvement plan proposals have been sent to 141 suppliers. As a result, specific lines of action have been agreed with suppliers, attaining the figure of 50% of suppliers already qualified as Sustainable suppliers when this report was issued, and the remaining percentage is in the process of improving in this regard.

Suppliers assessed with a potential or real impact with agreed improvement plan	2024	2023
Suppliers assessed with a potential or real impact with agreed improvement plan	141	170

This same data breakdown has also been included in the Iberdrola Group 2024 Sustainability Report, verified by KPMG Auditores, S.L.

Extract from an improvement plan

For suppliers that do not meet the required levels, a personalised sustainability improvement plan is sent, indicating the areas where they can improve, and a timeline is agreed upon to achieve results.



Improvement plan request:

EMT MEDIA ELECTRICS GMBH

Dear supplier,

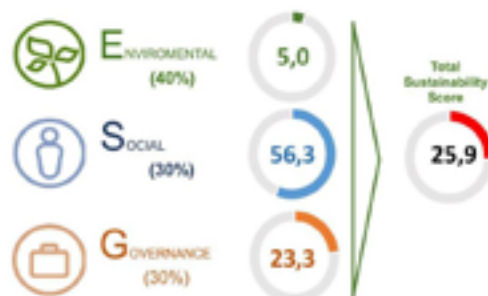
Iberdrola group is firmly committed to ensure that all its corporate activities and business, which contribute to the success of its business project, are developed by promoting the creation of value in a sustainable manner.

One of the key elements to achieve a successful implementation in this task is the close collaboration with the Supply Chain, and especially with our main suppliers since, as strategic partners, they make the development of the Group's activity possible.

For this reason, we are requesting the collaboration of [REDACTED] to improve its sustainability profile through the definition and implementation of its own improvement plan, including commitments to measure its carbon footprint and reduce emissions in the short and medium term.

EMT MEDIA ELECTRICS GMBH evaluation

Based on our evaluation model of the sustainability profile of our suppliers, [REDACTED] has obtained a score of **25.9 points**, with the following breakdown:



This score is below the score that the Iberdrola group considers adequate to guarantee that it can continue to be our main supplier, so we encourage you to analyze the areas for improvement that we have identified so that you can propose actions that imply improvements in your Sustainability profile.

IMPORTANT: all main suppliers, before being awarded, must meet the minimum requirements to be qualified as a Sustainable supplier. If this level is not reached, you will have **four months after the award** to achieve at least **51 global points**, as well as **30 partial points** in each of the three fundamental axes of sustainability.

It should be noted that in 2024 the goals relating to the increase in purchases from main suppliers assessed as “adequate” were met, and to the establishment and monitoring of improvement plans for those suppliers that did not meet the minimums established by Iberdrola at the time they were awarded the contracts.

Globally, in the period 2020–2024, more than 1,220 improvement plan proposals have been sent to Group suppliers. The result of this initiative has been that 66% of them have improved their sustainability level to reach the status of “adequate.”

This model not only motivates suppliers to improve their profile through actions that foster excellence in business management, but also, through measurable objectives, encourages the Procurement Division to select those companies that, throughout the process, demonstrate good performance in sustainability or commit to improvement.

Suppliers’ development

The Iberdrola Group, in collaboration with other entities, has launched several initiatives aimed at developing capabilities to systematically improve suppliers’ practices and performance in specific areas.

During this period, several programs have been launched, mainly focused on training in sustainability and collaboration with suppliers to calculate and reduce their carbon footprint, among which the following stand out:

- Participation in the 2nd edition of the Sustainable Suppliers Training Program.
- Participation in the 3rd edition of the Sustainable Suppliers Training Program.
- Training program “Sustainability for CEOs and Executives” for SMEs.
- Decarbonisation plan for SMEs.
- Emissions calculator.

Some of these programs go beyond supporting corrective actions and, as a general rule, are medium-term programs that require time to be implemented.

These initiatives represent a long-term commitment to developing capabilities and knowledge, with the objective of improving sustainability performance.

During this period, a total of 920 suppliers were included in these supplier development programs, representing an increase compared to the previous year.

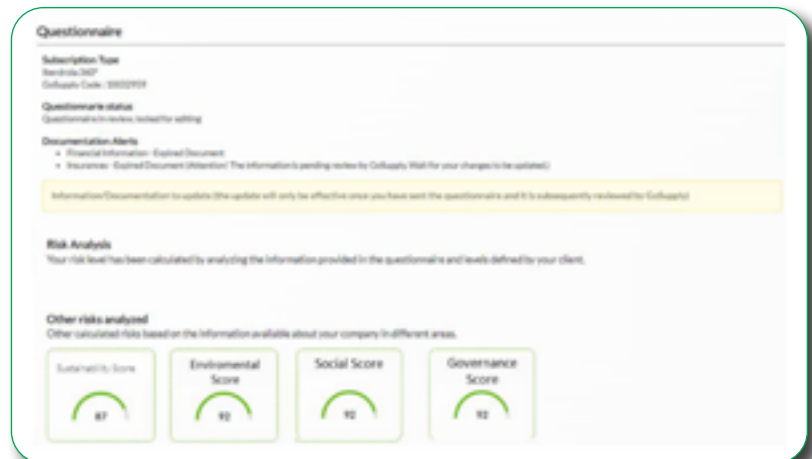
Suppliers have access to their sustainability evaluation, improvement opportunities, and benchmarking with their peers.

Since the beginning of the current year, Iberdrola suppliers have benefited from a new feature on the Achilles-GoSupply platform, which gives them greater visibility of the evaluation conducted on their sustainability profile.

This improvement is also available to Iberdrola users, who, along with supplier users, can view directly on the platform a simple summary of the supplier's assessment in each of the sustainability pillars, as well as the positive points and areas for improvement, accompanied by specific recommendations.

By introducing this functionality, supplier visibility and transparency are significantly enhanced. Suppliers can easily view their sustainability scores, identify where they excel, and understand where improvements are needed. This fosters more informed, timely, and constructive dialogue, supported by up-to-date information.

Furthermore, suppliers can benchmark their performance against peers within the same product, equipment, or service category. This comparative view enables them to identify competitive advantages and uncover opportunities for growth.



Emissions associated with the supplier chain

In its firm commitment to fight climate change, Iberdrola attempts to extend the effort to comply with emission-reduction objectives to its suppliers. Emissions data from suppliers is obtained via a yearly environmental awareness campaign to encourage the reduction of CO₂eq emissions in the supply chain.

Through this initiative, we want suppliers to demonstrate their effectiveness in managing, controlling and reducing greenhouse gas (GHG) emissions, while understanding the impact of climate change on their businesses and managing the associated risks appropriately.

Emissions proportional to the supplier's invoicing volume to the Company as a share of the total were taken as corresponding to Iberdrola, based on the replies to the questionnaires.

The following table presents the emissions associated with the supplier chain included in the [Iberdrola Sustainability Report for 2024](#).

EMISSIONS ASSOCIATED WITH THE SUPPLY CHAIN	EMISSIONS SCOPE 3 (tCO ₂ eq)
2024	3,469,985
2023	3,730,938***
2022	2,944,448
2021	3,422,571**
2020	5,250,951*

* The calculation method changed in 2020. A country-by-country factor was used to calculate emissions until 2019, whereas in 2020 an average factor was used. This means the data for 2019 cannot be compared with the data from previous years.

** In 2021, an annual review and update of the emission factors was carried out and has led to a reduction of the values in the United States and Brazil. The emission factors used in the calculation of each of these emissions are obtained from official sources. More information on Scope 1, 2 and 3 emissions can be found in the Greenhouse Gas (GHG) Report audited annually under ISO 14064-2018.

*** In 2023, with the collaboration of PWC, the calculation procedure for emissions associated with Iberdrola's supply chain was updated. This is based on the Environmental Extended Input-Output (EEIO) model from EXIOBASE, which allows the calculation of environmental impacts associated with final consumption of product groups.

In addition, taking advantage of the campaign's roll-out, suppliers were offered the opportunity to tell us about environmental projects they are developing or if they had any environmental initiatives they would like to carry out in collaboration with Iberdrola.

SteelZero membership

In April 2022 Iberdrola formalised its membership of the international SteelZero initiative, led by Climate Group in collaboration with **Responsible Steel**.

By joining this alliance, the Iberdrola group, Iberdrola maintains its commitment to gradually incorporate sustainable steel in its future projects. The Group has set the ambitious goal of specifying 50% low-emission steel by 2030, with the aim of achieving zero emissions by 2050.

Through Iberdrola's participation in this alliance, we help send a strong demand signal to help shift global policies toward responsible steel production and sourcing. The companies that have joined this alliance will ensure that the materials used in infrastructure production are in line with a carbon-free world.

Technically, it is possible to decarbonise steel manufacturing, and various alternatives already exist, such as direct electrification or green hydrogen technology. Although the necessary economies of scale have not yet been achieved, it is expected that with adequate demand levels and incentives to make the necessary industrial transformations viable, green steel could become more competitive, ultimately benefiting all consumers.

That is why the Iberdrola Group is viewing very positively the fact that its main suppliers are also making commitments in this regard and are joining such alliances.



First Movers Coalition membership

On 23 January 2023, Iberdrola announced at the Davos Forum that it is joining the First Movers Coalition (FMC) to help accelerate decarbonisation and promote the use of green steel. The company becomes the first Spanish company to join and commits that **at least 10 % of its annual purchases of this material by 2030** will be made using green steel, a product made with near-zero emissions (near-zero steel).

Led by the World Economic Forum, the initiative itself already has more than 100 members committed to creating new markets for clean, innovative technologies, essential for the energy transition and the goal of zero net emissions by 2050.



This global coalition relies on the combined power of companies to send an early signal that there is demand for clean products, even in the most difficult industries to decarbonise. Seven sectors currently account for 30% of global emissions: aviation, chemicals, cement and concrete, shipping, steel and trucks.

The members represent a market capitalisation of around \$10 trillion. All have committed to procure or contract a percentage of industrial and long-haul transport materials from suppliers offering near-zero (near-zero Steel) or zero-emission solutions.

One of the activities in which Iberdrola collaborates in this coalition is to help launch regional initiatives. The coalition has chosen to develop a series of initial workshops, at local level, starting with India and Brazil. The aim of these sessions is to work on the decarbonisation of the steel sector, with the participation of the government, companies and financial institutions, in order to define specific actions that include the assessment of the current situation of the sector at local level, identify challenges and opportunities, and provide local administrations with policy recommendations, together with other stakeholders, in order to implement future projects in a more agile way.

The Iberdrola Group selected its subsidiary company Neoenergía in Brazil to join this group and take part in the local First Movers Coalition initiative in Brazil held by the end of 2023.

This commitment complements previously reached agreements such as the SteelZero initiative.

Alignment of Procurement and Supplier Management with respect for the environment and sustainability

There is a summary of the main mechanisms in place to align procurement and supplier management with regard to the environment and sustainability in the table below.

INTERNAL MECHANISMS		EXTERNAL MECHANISMS WITH SUPPLIERS	
Purchasing Policy	This contains the environmental principles that the supplier must accept and the principles of responsible, sustainable management in the Iberdrola Group supply chain	Code of Conduct for Suppliers	Incorporates environmental principles. The Group's suppliers must accept it and it is attached to orders and contracts
Supplier registration and classification	Having an environmental certification is weighted in the supplier's overall assessment. Iberdrola's Environmental Policy must be accepted	Specific contracting terms and conditions	Environmental clauses that the supplier must comply with during the term of the contract
Tender process	The environmental assessment of the supplier is evaluated in the offer evaluation and award proposal phases of the contract	Traction campaigns	As a driver company, we proactively promote environmental certification among our suppliers, supporting them in their pursuit of excellence and generating multiplier effects
Annual improvement goals	New feature: putting in place annual improvement goals for the Procurement Team that are directly linked to improvements in suppliers' sustainable development.	Carbon footprint measurement	Periodic campaign to measure greenhouse gases among suppliers
Global environmental system	The Procurement Division is a member of the Group's Sustainable Development Committee: guidelines, the objectives set and their KPIs. Audits	Sustainability Assessment Model	Includes environmental factors: biodiversity, circular economy, climate change risks, etc. Assessment of suppliers, quantifying their relative position in terms of the management that they carry out
Transparency & Reporting	Purchase Indicator in risk countries Infographic Contribution to Sustainability. Annual Procurement and Suppliers Management Reports published on the corporate website	Supplier of the Year Award	This encourages supplier commitment and improvement, and publicly recognises those whose environmental performance is outstanding





07

Suppliers' financial assessment

7. Suppliers' financial assessment

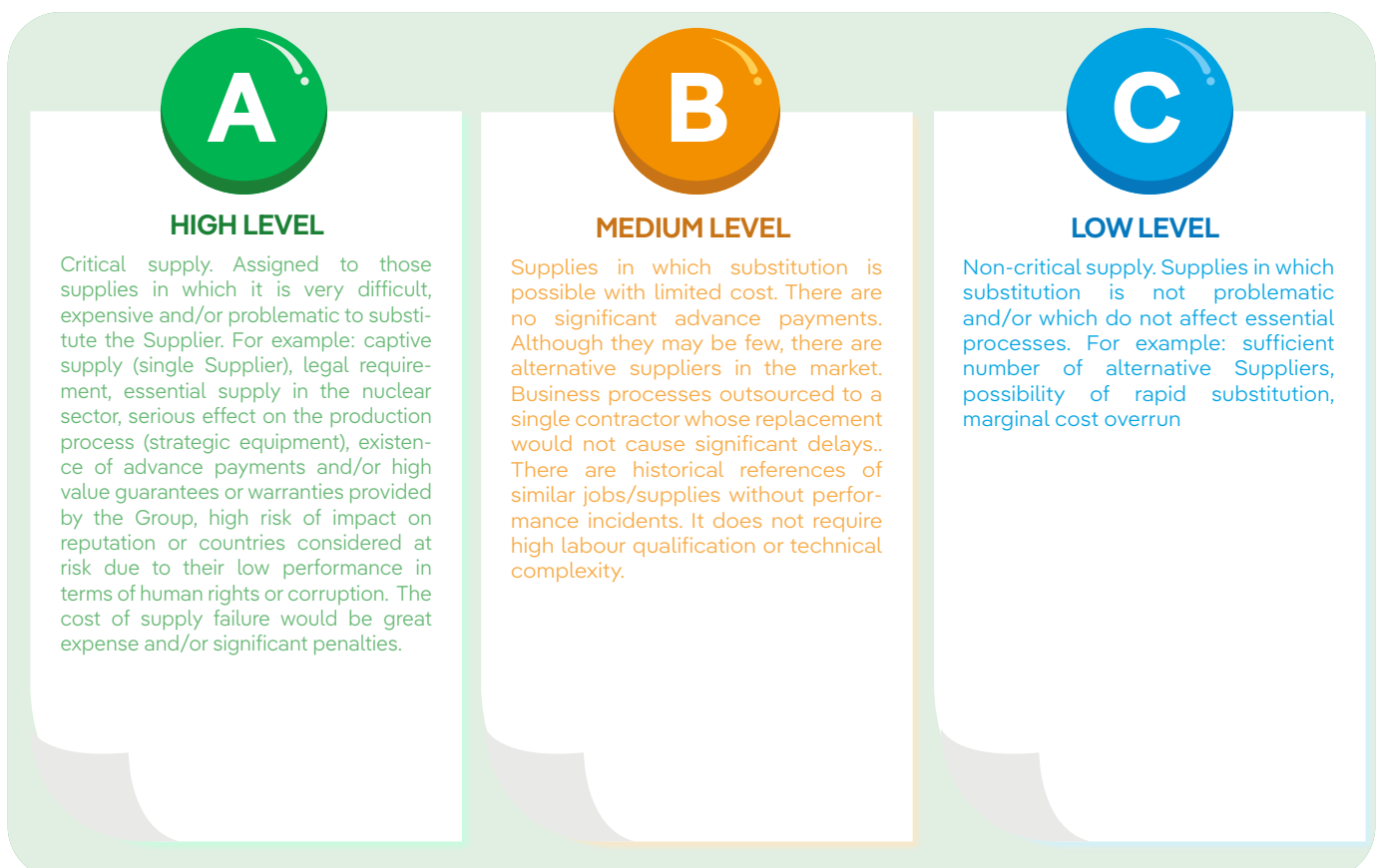
As indicated in the section dedicated to the Purchasing Policy, the monitoring of suppliers' credit risk and other financial risks, among other risks, is established. We shall include all these risks in what we shall call the suppliers' financial risk (RFP).

Several parameters influence the mitigating measures recommended for each supplier in a tender.

Criticality of the supply

The risk associated with the characteristics of the EMOS (Equipment, Materials, Works, or Services) supplied, caused by the impact that its absence could have on Iberdrola, is defined as the criticality of supply.

Imagen 1, ImagenThe Ccriticality of supply is one of the key considerations to be taken into account when planning a tender process and selecting suppliers to be invited. The following three levels of criticality of supply are defined as a general guide:



Supplier's financial risk

To prevent potential negative consequences for Iberdrola resulting from a supplier's failure to honour their commitments, the Procurement Division has implemented a financial risk management system for the Group's main suppliers.

In the application of this system, the Group's main potential and current suppliers are assessed and classified based on to their creditworthiness, production capacity, and dependence on the Iberdrola Group.

Credit rating

Suppliers' credit rating (CR), also known as Suppliers' Solvency, is an indicator assessing the ability and willingness of a supplier company to meet its payment obligations by the agreed-upon deadlines.

The reports of credit rating companies, as well as financial ratios obtained from the supplier's audited accounts, are taken into account to analyse their credit quality.

If the estimated amount of the procurement exceeds the threshold set out in the Purchasing Policy, the Risks Division reviews the supplier's credit quality. This risk credit is considered when selecting successful bidders for contracts and when assessing the options to safeguard the Group's position.

Supplier's capacity

The supplier's capacity is the index that assesses the supplier's ability to produce the specified quantity of goods or services specified in the tender to be awarded. This indicator aims to determine whether the size of the supplier's company is sufficient to offer (with technical, human, and economic means) the workload within the scope of the contract to be awarded.

Supplier's dependency

The Supplier's dependency on Iberdrola is the index that reflects the percentage of the supplier's turnover allocated to fulfilling contracts with the Iberdrola Group in the last 12 months.

Suppliers that do not provide up-to-date financial information on our provider risk management platform (Achilles-GoSupply) are classified as HIGH Financial Risk Suppliers.

Depending on the level of financial risk associated with the supplier, as well as the nature of the tender (including the criticality of supply and the amount), a set of mitigating measures is established in the contract. Said measures are negotiated with the supplier prior to the award.

The mitigating measures aim to minimise the potential of impact on the contract's solvency of the supplier. The supplier suffers an event that seriously affects its solvency, the supplier restores its solvency, or, at the very least Iberdrola is minimally affected.

During 2024, successful bidders representing more than 95% of the total amount of purchases made were centrally assessed through the credit risk management systems.

This classification, along with other criteria, will define the credit risk mitigation measures.





08

Dialogue with suppliers

8. Dialogue with suppliers

Iberdrola has a responsible and sustainable business model, which places the group's stakeholders at the centre of its strategy. As part of this, the company aims to build trust-based relationships with its various stakeholders, while also deepening their participation, involvement, and sense of belonging to Iberdrola. Among the most significant stakeholders are our suppliers, with whom we maintain ongoing engagement.

STAKEHOLDERS	RELEVANT DIALOGUE AND COMMUNICATION CHANNELS
Suppliers	<ul style="list-style-type: none">• Supplier portal at www.iberdrola.com/suppliers
	<ul style="list-style-type: none">• Supplier Service Centre
	<ul style="list-style-type: none">• Satisfaction survey
	<ul style="list-style-type: none">• Supplier of the Year Awards
	<ul style="list-style-type: none">• Supplier registration, assessment and classification platform
	<ul style="list-style-type: none">• IBuy tender management platform
	<ul style="list-style-type: none">• Supplier drive campaigns, improvement plans and remediation plans
	<ul style="list-style-type: none">• Participation in events
	<ul style="list-style-type: none">• Suppliers' ethics mailbox
	<ul style="list-style-type: none">• Social and Sustainability Audits

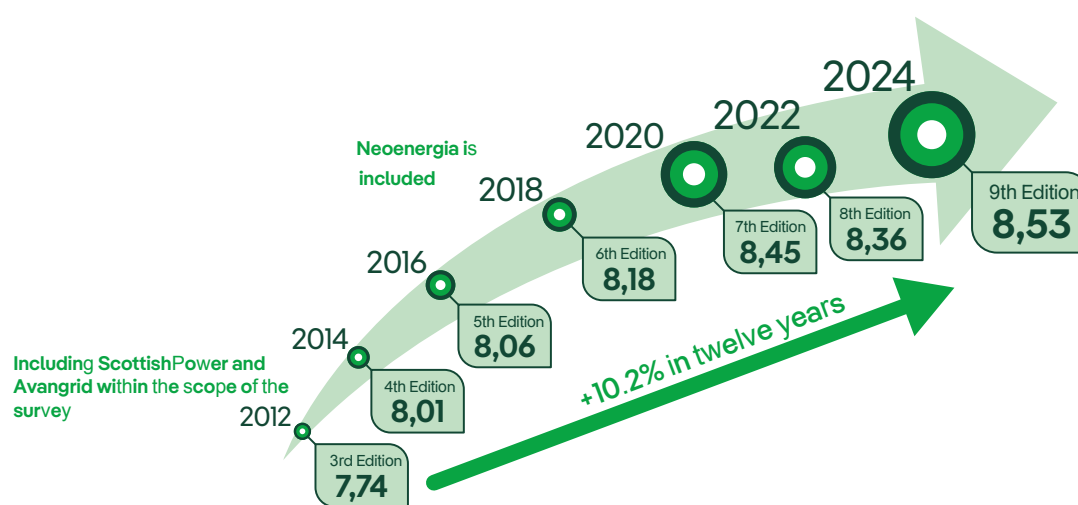
The model that Iberdrola has been developing and refining to manage its relationships with suppliers, as well as the various channels for dialogue and communication with these groups, is summarised in the table above.

Supplier survey

Iberdrola is firmly committed to understanding the satisfaction and expectations of its stakeholders, among whom supply companies play a prominent role. A key tool for this is the Supplier Satisfaction Survey, which is conducted every two years and provides information on suppliers' expectations and perceptions of the purchasing process, its relationships with the Purchasing team, and their channels of communication with the Company in general.

Based on the suppliers' opinions, the possibility of including new on-going improvement actions in the Iberdrola Group's Procurement and Services Division is assessed. Moreover, the most relevant results are shared with other areas or stakeholders of the Company, such as Compliance, Sustainability, and Supplier Support Centre.

The last version of the survey (9th version) was conducted in July 2024, with a high level of supplier participation (more than 2,100 responses received) and an overall satisfaction level of 8.53 out of ten, which consolidated the positive trend and improved the results of the previous versions.



Results of the supplier satisfaction surveys

No specific result target has been set for this global action, as the main purpose of conducting the survey and gathering opinions and suggestions from suppliers is in itself a source of continuous improvement. However, a high level of participation of around 40% is sought from suppliers. In 2024, a 42 % was attained, the same as in 2022, very close to the results in 2020 (41.8%) and 2018 (43.1%).

In general, suppliers rated Iberdrola's ethics and reputation, the brand, and the trust it inspires very positively. They also stated that being a supplier to the Group contributes to maintaining employment and, jobs, promotes continuous improvement of their processes, and drives investment in R&D.

On the other hand, suppliers also pointed out opportunities for improvement, such as increasing feedback on the outcome of the tender processes in which they have participated.

Main benefits for suppliers

These actions, promoted by the Procurement Division in social, economic, and environmental matters aimed at suppliers, have encouraged a progressive alignment of suppliers and their products and equipment with the sustainable parameters required by the company. This has had a multiplier effect throughout the value chain, as the entire supply chain will gradually adopt the current requirements for the first-tier suppliers.

Given its high annual procurement volumes, the Iberdrola group acts as an economic driving force in the geographical areas where it operates, driving its supply chain through:

- Creating an integral, ethical, and transparent business model that favours the development of these values and commitments in the market in which it operates,
- Boosting the internationalisation of suppliers,
- Injecting liquidity into its suppliers' network
- Generating highly qualified jobs
- Encouraging investment in R&D
- Recognition of the supplier's contribution to achieving the Company's strategic goals through the Supplier of the Year Awards

As a result of this driving force, Iberdrola has helped many supplier companies, which were initially local, lacked management systems, or were focused on a single activity, to access new markets and customers, participate in R&D projects, and improve their competitiveness. Many of them have established an international presence enabling them to position themselves as leaders in sectors such as renewable energy, industrial plant maintenance, energy facility construction, and global services.

In addition to its economic impact, from a sustainable and responsible perspective, Iberdrola acts as a powerful driver in the market, encouraging suppliers to improve their environmental, ethical and social profiles through activities that promote excellence in management.

In the 2024 supplier satisfaction survey, suppliers highlighted the following (in order of rating) as the most positive aspects of working with Iberdrola:

- It helps to maintain jobs
- It promotes the continuous improvement of my processes
- It encourages investment in R&D
- It helps them to win new customers
- It encourages them to internationalise



09

Equal Opportunity Suppliers Program

9. Equal Opportunity Suppliers Program

Avangrid's "Equal Opportunity Suppliers Program"

The Iberdrola group is firmly committed to creating and maintaining a fair and equitable workforce. This commitment also extends to our supply chain, as demonstrated by the Equal Opportunity Supplier Program, which is run by our subsidiary, Avangrid, in the United States. This program creates a welcoming environment through transparent, fair, and competitive business practices, ensuring equal opportunity in the procurement process for all participating suppliers.

These actions are designed to build bridges and break down barriers by cultivating knowledge and experiences and by connecting suppliers to opportunities, resources, and support they need to make a meaningful impact.

In this context, we understand the equal opportunity program proactively seeks to ensure that all suppliers, including small and disadvantaged-owned businesses, have a fair and equitable opportunity to compete for business. Equal Opportunity emphasizes creating a culture of belonging and respect for our suppliers, where they feel valued, supported, and empowered to grow and succeed.

In 2024, the volume of contracts awarded to these groups reached approximately \$316 million, representing a more than 10% increase over the previous year

This program aims to continue increasing this figure in 2025 and exceed \$300 million awarded to suppliers within the framework of equal opportunities.

We are convinced that moving towards these goals of equity and sustainability generates long-term value for both our suppliers and our company. In addition, it promotes the creation of more robust business solutions, strengthens customer loyalty and satisfaction, and has a positive impact in our communities.

Iberdrola Mexico Equal Opportunities Week

In 2024, Iberdrola Mexico held its 3rd Equal Opportunities Week, with the participation of different areas of the company, as well as experts in the field. The aim was to continue promoting an inclusive working environment and contribute to a fairer society.

In this edition, some of our suppliers were invited to participate online to strengthen more direct and effective links. This participation allowed them to access key information to adopt and/or adapt their lines of action on equality within their organisations.

To close the week, a workshop for suppliers was held on “Good labour practices in Equal Opportunities”. The workshop aimed to share experiences and good practices in the field of equality, as well as to raise awareness of the importance of creating more inclusive working environments for everyone.

Special Employment Centres in Spain

On the other hand, in Spain, the Procurement Division, has been working over the last few years on incorporating Special Employment Centres into the network of regular suppliers. A total of €2.3 million was under contract with Special Employment Centres in Spain in 2024 (to provide help for and work with disabled people).

Therefore, having this base of suppliers benefits both our businesses and our Company. It enables us to obtain the goods and services we need while allowing small enterprises and minority -owned companies to grow and prosper.





10

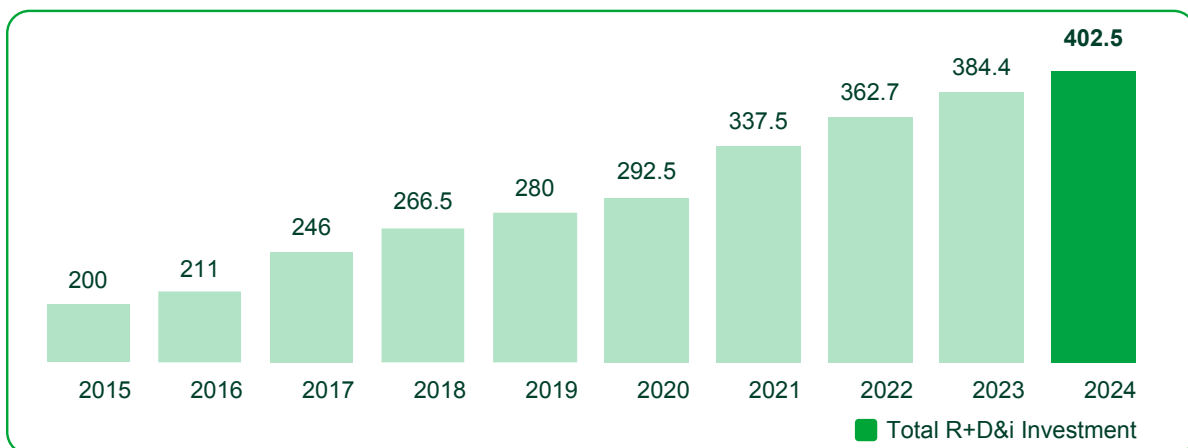
**Innovation
programmes
and support to
recently created
companies**

10. Innovation programmes and support to recently created companies

Research, Development and Innovation (R+D&i)

Innovation is a strategic variable for the Iberdrola group and the primary tool to ensure the company's sustainability, efficiency, and competitiveness.

Iberdrola is today a global energy leader thanks to a strategic vision that anticipated the trend towards electrification, renewables, and energy transition by two decades, combined with the innovation capacity to turn that vision into reality. After investing more than €400 million in innovation in 2024, we have set ourselves the target of reaching €4 billion by 2030, focusing on disruptive technologies that enable us to tackle the challenges of the new energy system.



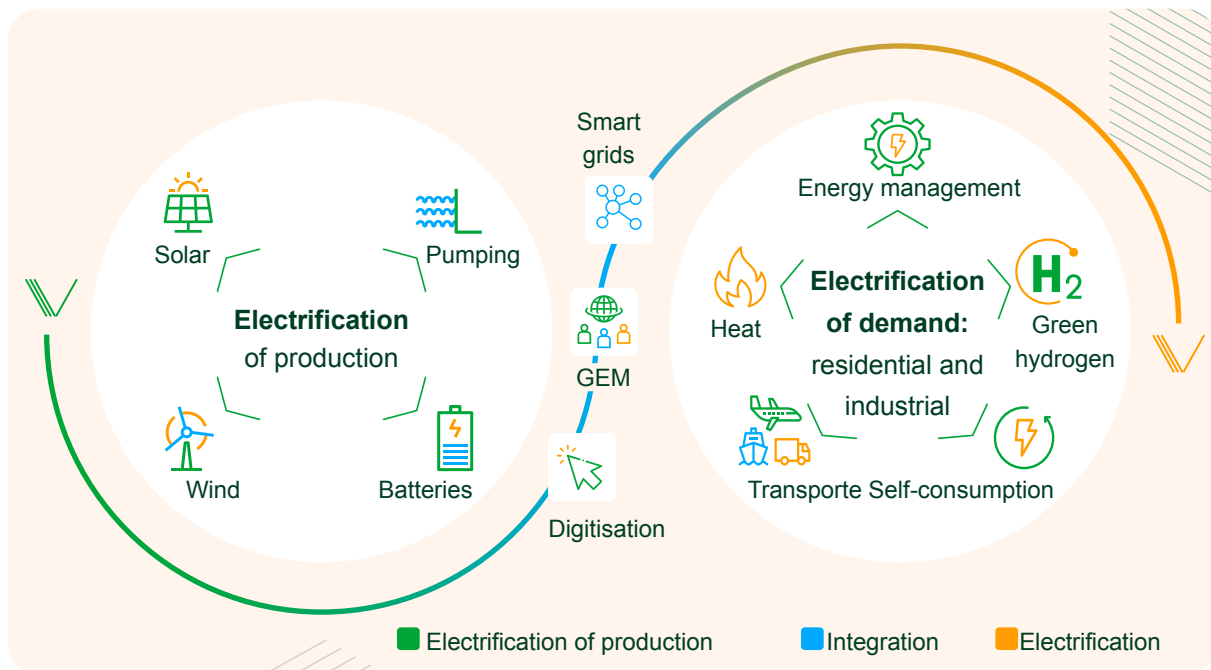
As a result of its unwavering commitment to innovation, Iberdrola was recognised for the fourth consecutive year as the private utility that invests the most in R&D, according to the European Commission's ranking. In its report, "[The 2024 Industrial R&D Investment Scoreboard](#)" the European Commission conducted an in-depth analysis of the 2,000 largest companies worldwide and the 800 most significant in Europe.

Our vision for innovation is to drive the development of disruptive and sustainable technologies, aligned with the fundamental drivers of the energy sector's transformation: the decarbonisation of generation through the massive integration of renewable energies, the promotion of smart grids, and the electrification of demand.

Our R&D&I efforts are organised along five main lines:

- New products and services that respond to customer needs with more personalisation of content and offerings.
- Disruptive technologies, which are becoming increasingly efficient, sustainable, and respectful to the environment, optimising the functioning of facilities and processes, and of products and services that are more innovative and
- Digitisation and automation in all businesses and processes to create value in the asset management life cycle, the optimisation and aggregation of the grid, and the design of integrated services for the new digital customer profile.
- Innovation with start-ups, entrepreneurs, and suppliers. We are pioneers in their promotion, aiming to develop new, disruptive business models, foster knowledge exchange, and serve as a driving force among our partners.
- A culture of innovation and talent by transferring knowledge, attracting talent, and promoting an entrepreneurial spirit. .

The projects and initiatives described in our [2025 Integrated Report](#) drive the fundamental areas for the transforming the sector: the electrification of production, system integration through smart grids and digitalisation, and the electrification of demand through emission-free technologies.



Iberdrola operates a Supplier Innovation Programme to promote and accelerate the development of new products and services that address the Company's future needs while responding to the sector's challenges.

The programme has three central concepts:

- To help suppliers access financing mechanisms
- To promote joint ventures (supplier spin-offs) through the Perseo fund
- Innovative procurement of the products or services developed

Support for entrepreneurs

In 2024, the Iberdrola group has been supporting the creation and consolidation of new business projects with a range of significant initiatives, with the following being of note:

- Iberdrola's venture capital programme, [PERSEO](#), aims to facilitate access to the technologies and businesses of the future while fostering a global ecosystem of start-ups focused on sustainability.

This programme has invested more than €200 million worldwide since its creation in 2028. It represents an opportunity for companies dedicated to innovative technologies and business models that ensure the sustainability of the energy model. More information on <https://www.iberdrola.com/innovation/international-startup-program-perseo>

Through PERSEO, Iberdrola offers start-ups investment support, as well as its experience and ability to access the market. The current investment portfolio encompasses a diverse range of projects under the Perseo umbrella, in addition to other financing programs. Among the main events of 2024, we should highlight the work of Venture Builder.

[Venture Builder](#) aims to create new business models that contribute to electrification in sectors that are difficult to decarbonise. This initiative, which was created in 2020 to invest and create businesses from scratch to support electrification and the circular economy, was launched in 2024 in the following companies: :

- Basquevolt: solid-state batteries to expand the electrification of transport:

Iberdrola is part of the consortium of investors in Basquevolt, a technology-based initiative launched in 2022 to set up a leading solid-state battery production line in Europe. This project, with an investment of more than €700 million, aims to generate over 800 direct jobs and, achieve a capacity of 10 GWh by 2027.

Solid-state lithium battery technology is the only one that meets the most demanding requirements of the automotive sector in terms of performance, which is why it is becoming the strategic focus of the automotive industry.

Basquevolt's aim is the sustainable development of the best materials and cells for batteries, which will enable the widespread implementation of electric transport, stationary energy storage -including hybridisation with hydrogen-gas systems - and advanced portable devices.

- Carbon2Nature, whose purpose is to capture and fix in nature more than 60 million tons of CO₂ through conservation, management, and restoration projects with high environmental and social impact. This project, in addition to becoming a tool that allows our customers and suppliers to access high- quality carbon credits, stems from the belief that investing in nature is an essential lever for creating sustainable value, with profitability.
- eHeat Networks: community geothermal opportunities in the United Kingdom.
The goal of achieving net-zero emissions in UK homes by 2050, along with the future ban on installing gas boilers, is opening up a niche for innovation to decarbonise 22 million homes efficiently and cost-effectively. Through PERSEO Venture Builder, the Iberdrola group has launched a new company called eHeat Networks to explore geothermal opportunities in the region, as a technology that is more efficient than aerothermal energy if implemented using district heating networks in buildings or housing complexes that allow for the exchange and use of underground heat.
eHeat Networks is actively working to expand its geothermal solutions and will build its first infrastructure as part of the HALO Project: an innovative zero-emission urban development being developed in Kilmarnock (Scotland) in which ScottishPower is participating alongside other players.
- EnergyLOOP, for recycling wind turbine blades

Iberdrola and FCC Ámbito, a subsidiary of FCC Servicios Medio Ambiente, have launched Energy LOOP to take the lead in recycling renewable facility components, one of the biggest medium- and long-term challenges in the sector.

The initial goal is to recover the components of wind turbine blades, which are primarily composed of glass, carbon fibres, and resins, for reuse in sectors such as energy, aerospace, automotive, textile, chemical, and construction industries.

With this initiative, we are promoting the circular economy and contributing to its growth in Spain. This new company plans to establish Spain's first wind turbine blade recycling plant in Navarre, creating approximately 100 direct and indirect jobs over the decade and representing an investment of around €10 million in the initial facility. .





11

Support to Small and Medium Enterprises (SME)

11. Programmes to support SMEs

Iberdrola joins the UN Global Compact Programme once again to further promote sustainability among its suppliers

Iberdrola joined the third edition of the Training programme in 2025: Sustainable suppliers of the United Nations Global Compact Programme to further promote the sustainability of our suppliers. In this new edition of the programme, led by the UN Global Compact Spain, ICEX and the ICO Foundation, we managed to promote training in sustainability for more than 920 SME suppliers on the four continents where we operate.

In previous editions, a total of 338 suppliers completed the training programme and more than 96% of them considered that the initiative met their expectations and was beneficial to their company. The programme aims to train supply chains in sustainability under the framework of the Ten Principles of the Global Compact (human rights, labour standards, the environment, and the fight against corruption) and the 2030 Agenda.

Iberdrola renews its collaboration with the UN Global Compact Spain organisation to take a further step towards global sustainability among its suppliers. For five months, the supplier SMEs benefiting from the programme will have access to online courses, live recorded sessions, practical guides, templates for policy preparation and code development, and case studies from other companies. SMEs will receive a certificate of participation and compliance once they have completed all the modules in the programme.

This will be available free of charge to our suppliers, including training in four modules on general sustainability issues, the Sustainable Development Goals (SDGs), and topics related to the four pillars of the Global Compact Principles, as well as internationalisation, incentives, and reporting of non-financial information.

This initiative reinforces the actions that Iberdrola has been promoting for years in the areas of environmental and social sustainability and governance with defined commitments. Iberdrola's suppliers must first accept the Suppliers' Code of Conduct to start a business relationship with the company. This includes principles of conduct and clauses on respect for human rights, equal opportunities, inclusion, occupational health and safety, anti-fraud and anti-corruption measures, as well as environmental protection, among other key areas.

Iberdrola seeks suppliers that, in addition to being sustainable, are transparent, solvent, fair, ethical, and technically competitive. That's why we assess suppliers throughout the procurement process, to gain an understanding of potential risks. We check that their "modus operandi" is aligned with the Group's policies, principles, and responsibilities.

Training Programme: The third edition of Sustainable Suppliers features the participation of over 5,200 SME suppliers from 72 countries. The programme is promoted by the United Nations Global Compact in Spain, in collaboration with the ICO Foundation and ICEX Spain Export and Investment and is supported by Iberdrola and 47 other large Spanish companies, all partners of the UN Global Compact Spain.

Iberdrola also has a programme called Initiatives for SMEs, which outlines the actions it takes to strengthen the sustainability of the small and medium-sized companies it works with.



Iberdrola listens to SMEs at the event “+ SUSTAINABLE SMEs: Incentives”

In May 2023, the Iberdrola Campus in San Agustín de Guadalix hosted the conference “SMEs + SUSTAINABLE: INCENTIVES”, in which more than 25 small and medium-sized Spanish companies and suppliers of the Group participated.


At the conference, which was organised together with the UN Global Compact Spain and Accenture, more than 50 participants were in attendance. They were able to share their own experiences and results following the efforts made to improve the profile of their organisations as drivers of Sustainable Development.

The main goals of the conference were to identify the barriers encountered by the SMEs in attendance in their task of implementing specific Sustainability improvement lines of action requested by Iberdrola and, in turn, the possible incentives that could be made available to SMEs by customers such as Iberdrola or third parties, such as public administrations and sectoral or business associations, to help them meet this requirement. A preliminary analysis of the feasibility of implementing these incentives was also carried out.

Two “co-creation” sessions were held, which were facilitated by Accenture and UN Global Compact Spain, with extensive experience in this type of initiative and using the “design thinking” methodology, the participants shared their experiences and proposals for improving the process, which were assessed and prioritised by the participants themselves, taking into account the impact and feasibility of implementation.

After the working sessions, the attendees were able to take a guided tour of the main R&D&I classrooms and workshops available at Iberdrola’s Innovation and Training Campus, where nearly 13,000 people receive training in its classrooms every year. Iberdrola’s Innovation and Training Campus represents the Group’s commitment to technology, R&D, and collaboration with technology centres as levers to lead the energy transition, the green recovery of the economy, and the employment and employability of young and senior professionals in the future sectors.

The assessment of the initiative by the attendees themselves yielded a very high rating, which once again highlights the importance of intensifying collaboration with our supply chain and of redoubling efforts to further develop suppliers at the local level for strategic procurements, especially those aimed at SMEs. This will help further contribute to the creation of indirect and induced jobs, as well as the maintenance of a strong industrial fabric in the geographies where the Group operates.



The initiative was rated highly by the participants themselves

+ SUSTAINABLE SMEs programmes Incentives”

To meet the conclusions of this conference and create specific incentives according to the issues identified as priorities, in 2024, Iberdrola designed several programmes to help SMEs improve their Sustainability performance.

In May 2024, the suppliers participating in this initiative received a proposal from Iberdrola to join three new specific incentive programs, summarised in:

- Training program “Sustainability for CEOs and Managers”:

The UN Global Compact in Spain has created a pioneering training with exclusive content on sustainability and incentives for managers of our SME suppliers.

This is an online training distributed in 6 modules. After the program, participants will be invited to a face-to-face day event at the Iberdrola Campus in autumn.

- Support and incentive program for decarbonisation:

Iberdrola offers a personalised support program for these suppliers in terms of emission reduction and sustainability.

Following an analysis of energy consumption, the company’s carbon footprint and a personalised plan for efficiency and decarbonisation will be calculated.

Participating suppliers will also be able to fully monitor the plan and manage their emissions reduction through our digital platform “Net Zero Emission”.

This program also offers the possibility of receiving a proposal with exclusive economic advantages on Iberdrola products and services, aimed at reducing the costs associated with energy consumption.

In turn, they will also receive advice and manage subsidies applications linked to new investments in energy efficiency, through the Iberdrola Subsidies Portal.

The programme includes:

- Free access to the Net Zero Emissions Manager emission reduction management platform, for 1 year, with expert support. With this, they may:
 - Calculate the carbon footprint of their company.²
 - Obtain an energy diagnosis of their installation.

- Obtain and manage their Decarbonisation Plan.
- Personalised advice and cross-sectional support: Onboarding process, energy diagnosis, and decarbonisation plan generation.
- Personalised service and preferential conditions with discounts in the contracting of the electricity supply and Smart decarbonisation solutions for the company, as well as for the management of subsidies applications through the Iberdrola Subsidies Portal.
- Sustainable Confirming Programme:
Suppose the supplier is assessed as a Sustainable Supplier based on the Sustainability Assessment model of the Iberdrola Group., In that case, they will be eligible for a new financing line, Sustainable Confirming, and get better discounting conditions on their Iberdrola invoices.

Finally, following the positive reception of this initiative, it was extended to all Spanish SME suppliers in 2025. In turn, a specific section has been created on Iberdrola's corporate website to inform and channel the participation of interested suppliers:

Initiatives for SMEs

Find out more about our programmes to boost sustainability in small and medium-sized enterprises

Training

Sustainable management

At Iberdrola we attach great importance to our suppliers' sustainable practices, and SMEs are fundamental to this commitment. Find out about all our initiatives to strengthen the sustainability of the small and medium-sized companies we work with.

3rd "Sustainable Suppliers" Training Programme	✓
"Sustainability for CEOs and Executives" training programme	✓
Emissions calculator	✓
Decarbonisation plan for SMEs	✓
Sustainable Confirming	✓

Neoenergia promotes sustainability in its supply chain

In collaboration with Vivo (Telefónica Brazil), Neoenergia successfully participated in the “Anchoring Sustainable Value Chains in Brazil” project. Launched in June 2023, the goal was to support small and medium-sized enterprises in adopting circular and sustainable economy practices in two supply chains: energy and telecommunications. Based on criteria previously established with the promoters, Neoenergia selected and invited 25 of its suppliers to participate in the event.

The 20-month project was carried out by the Centre for Sustainability Studies at the Getulio Vargas Foundation's São Paulo School of Business Administration (EAESP-FGV), in collaboration with the Spanish Chamber of Commerce and the Official Chamber of Commerce of Spain in Brazil. The European Union's AL-IN VEST Verde programme funded the initiative, which seeks to promote sustainable growth and job creation in Latin America.

Throughout the project, workshops were held that focused on key sustainability issues, including materiality and transparency, greenhouse gas emissions, the circular economy, and human rights. Project managers emphasized the importance of collaborating with suppliers to implement sustainable practices and foster a knowledge network that promotes the adoption of sustainability and circular economy practices.

Some participants were in Madrid (Spain) and visited the Spanish Chamber of Commerce and the headquarters of Telefónica, Iberdrola, IE Business School, and Santander-Universia.



The closing event, held in the FGV auditorium in São Paulo, brought together all those involved and highlighted the positive impacts of the project on the participating companies. The main results include: improvements in environmental management, with the adoption of environmental preservation and circular economy practices, reduction of GHG emissions; advances in social management, with the implementation of diversity and inclusion policies, the adoption of human rights-related risk management practices, local community development and the promotion of labour rights, among others; strengthening corporate governance through audits, the creation of advisory boards, materiality analyses and sustainability reports; and raising awareness of the circular economy through the implementation of recycling and waste management programmes, reuse of materials, recycling and reverse logistics.



The initiative is part of the AL-INVEST Verde program, funded by the European Union. It is carried out by the EAESP FGV Sustainability Studies Center in collaboration with the Spanish Chamber of Commerce and the Official Spanish Chamber of Commerce in Brazil.

Proponente



Co-proponentes



Financiamento



Neoenergia brings together suppliers to discuss sustainable practices

In May 2025, Neoenergia hosted its first Sustainable Suppliers Workshop, bringing together over 100 supplier representatives and employees in an online forum. The event focused on issues aimed at strengthening participation and the adoption of good practices.

During the workshop, topics such as corporate governance, climate change, biodiversity preservation, sustainable water resource management, and human rights in commercial operations were addressed. This meeting marks the beginning of a series of actions aimed at enhancing supplier performance and ensuring that Neoenergia remains a leader in sustainable practices and governance.

Neoenergia conveyed to its suppliers the message that sustainability is an opportunity to innovate and create value for all involved. Neoenergia aims to enhance supplier participation in its sustainability journey, promoting the adoption of best practices and greater alignment with the ABRADÉE award indicators.

Among the topics discussed were:

- Governance: the importance of corporate governance practices in ensuring transparency, accountability, and sustainability in operations was discussed.
- Materiality: how to identify and prioritise the most relevant issues for the company and its stakeholders was discussed, ensuring that efforts are aligned with expectations and needs.
- Reporting: the importance of accuracy and transparency in reporting on sustainability practices was reinforced, highlighting the best practices and standards implemented.
- Climate change: the impacts of climate change on operations were discussed, as well as how companies can adapt and mitigate these effects.
- Biodiversity: the importance of preserving biodiversity and the practices that companies can adopt to minimise their impact were addressed.
- Water resources: We address sustainable water resource management, highlighting the importance of conservation and efficient water use.
- Human rights: We conducted an activity that underscored the importance and mandatory nature of human rights in business operations, fostering an environment of respect and inclusion.

Iberdrola Mexico supports SMEs to obtain the ESR badge

The “ESR” (SRC-Socially Responsible Company) distinction, awarded by CEMEFI (Centro Mexicano de la Filantropía), recognises companies that implement a culture of responsible competitiveness, contribute to the social, economic and environmental sustainability of the company and its stakeholders, respect human rights, fight corruption, and promote social, economic and environmental sustainability, support social causes and spread a new socially responsible business culture to inspire more businesses.

Therefore, at Iberdrola Mexico, it has been decided to accompany its suppliers in the process of obtaining this distinction. This collaboration aims to promote sustained, inclusive, and sustainable economic growth, productive employment, and decent work for all professionals involved in the Group’s value chain.

Obtaining the ESR distinction is based on a self-diagnosis process, documented by the participating company and verified by Cemefi. Iberdrola Mexico accompanies its suppliers through “Responsable”, a specialised consulting firm that brings its knowledge and experience. Through training on CSR issues, ESR distinction, and matrices and indicators, “Responsable” provides them with the opportunity to meet the requirements to submit their application.

This support process takes place over 5 weeks, during which participating companies, in addition to confirming their participation in obtaining the ESR distinction, increase their knowledge of sustainability issues, and begin developing various actions related to ESG, allowing them to improve progressively.



In 2024, Iberdrola Mexico provided this support to three companies belonging to its value chain: GASI NATIONAL WELDING, BALANCEMED, and LAVORATI. As a result of this support, all companies have successfully obtained the badge. This achievement represents recognition of their commitment to sustainability and business ethics. It has also strengthened their position in terms of Corporate Social Responsibility (CSR), thereby improving their reputation, competitiveness, and relationships with stakeholders.

Workshops with Mexican suppliers in 2024

Iberdrola Mexico continues to deploy specific lines of action to transfer the Iberdrola group's sustainability criteria to its suppliers. In this regard, one of the opportunities for improvement detected for SMEs in 2024, was the need to disseminate knowledge about the importance of having a Corporate Social Responsibility (CSR) policy.

Subsequently, in collaboration with the Corporate Social Responsibility area of Iberdrola Mexico, an online workshop entitled "Corporate Social Responsibility" was held in the second half of 2024, to raise awareness among companies that are part of our value chain, reminding of the importance of sustainability pillars and their integration into the operations and business strategy, specifically contributing to the development of this policy.



12

Supplier of the Year Award

12. Supplier of the Year Awards

We present the 2024 Supplier of the Year Awards

In 2024, local award ceremonies were held for the **Iberdrola Supplier of the Year Awards** in the various offices of our main affiliated companies (Spain, the United Kingdom, the United States, Brazil, and Mexico), where individual suppliers were selected who had stood out particularly in the development of their contracts.

Iberdrola acknowledges, in the five main countries where we operate, the importance of each partner in their strategic growth projects, and highlights among other things their commitment to innovation, equality, quality, sustainability, and job creation.

At these events, we brought together executives from partner companies on the occasion of the **Supplier of the Year Award** ceremonies, in which we highlighted their essential role in generating employment, wealth, and the transition toward more sustainable energy. In addition, with these supplier awards, we aim to **encourage and recognise excellence, sustainable development, quality, internationalisation, innovation, corporate social responsibility, job creation, and the prevention of occupational risks**.

Each year, we alternate between local recognitions in the countries where we operate and a global award that celebrates outstanding international performance.



"These awards are not only about economic efficiency or agile operations but also about contributing to a greener, fairer and more sustainable economic model that creates opportunities for all. We are a value-driven company that wants companies that share our vision by our side".

Ignacio Galán, Iberdrola Chairman

2024 Supplier of the Year Awards

Neoenergia

Neoenergia was the first company of the Iberdrola group this year to acknowledge the key role of its suppliers and commercial partners, celebrating its awards on October 17, under the theme “Allies for Green Industrialization.” In this edition, the awards granted by our subsidiary in [Brazil](#) were given to a total of **10 companies** that stood out for their values aligned with quality, excellence, innovation, and sustainability.

- **Supplier of the Year:** Romagnoles Productos Eléctricos
- **Distribution - Services:** Ceneged
- **Distribution - Materials and Equipment:** Itapu Transformadores
- **Transmission:** Coxabengoa
- **Renewables:** Ensiste Engenharia de Sistemas Eléctricos
- **Liberalised:** Hitachi Energy
- **Diversity and Inclusion:** Automa
- **Health and safety:** Empreendimentos e Construções
- **Sustainability:** Ambipar Participações e Empreendimentos S.A.
- **Innovation:** Lactec



Iberdrola España

Iberdrola Spain has joined the Group's commitment to promote and reward the key role of suppliers and business partners in its own 2024 Supplier Awards, held on November 12: "Suppliers, our allies for green industrialisation." In this edition, in which Valencia took centre stage, our subsidiary in [Spain](#) recognised the key role of **nine companies** through different categories that value quality, innovation, and commitment to values such as sustainability, equality, and labour integration.

- **Supplier of the Year:** Andaluza de Montajes Eléctricos (AMETEL)
- **Equipment manufacturer:** Power Electronics España SL
- **Works and Services:** Técnicas e Instalaciones Eléctricas Salamanca (TECINSA)
- **Energy Transition:** BCare
- **Job creation and integration:** Eiffage Energía
- **Sustainability and SDG contribution:** FARAMAX TRAFOL SL
- **Diversity, equality and Inclusion:** Mecanizados Acebrón SLU
- **Innovation, digitisation and new technologies:** Innometrics SL
- **Ethics and compliance:** IDOM Consulting, Engineering, Architecture SA



Iberdrola México

Iberdrola Mexico recognised a total of **eight strategic partners** in the celebration of the fourth edition of its Supplier of the Year Awards, honouring those who have contributed the most to the Group's growth project in the country.

With this recognition, our company in [Mexico](#) reaffirms its commitment to **strengthening Mexican industry** and promoting **sustainable energy development** in the states where it operates.

- **Digitalisation and Innovation:** Power Cost Inc Energy Solutions
- **Workplace Health and Safety:** Christus Mugerza Sistemas Hospitalarios
- **Sustainability:** Huella Sustentable
- **Works and Services Projects:** Motrek
- **Works and O&M Services:** Nalco Water
- **Diversity, Equality and Inclusion:** Universidad Anáhuac
- **Energy Transition:** Total Maintenance Assistance
- **25 year-trajectory:** Amara Nzero



ScottishPower

ScottishPower has once again acknowledged the key role of suppliers in the value chain for achieving the Group's strategic projects. Our subsidiary in the [United Kingdom](#) held its awards ceremony on November 15, at a gala marked by the theme “*Delivering a Better Future*” during which it presented a total of **ten awards**.

The awarded companies work across the entire energy sector and embody a series of values, from inspiring young minds to applying the best techniques to build wind farms.

- **Supplier of the year:** Keltbray Energy Limited
- **Health and Safety Award:** Providor Limited
- **Customer services Award:** Excalon Limited
- **Diversity and Inclusion Award:** Stemovators
- **Sustainability Award:** Tusker Direct Limited
- **Digitisation and new technologies Award:** EA Technology Limited
- **Energy transition Award:** Algeco UK Limited
- **Business initiative Award:** Forsyth of Denny Limited
- **Works and/or services Award:** Hughes Subsea Services Limited
- **Economic recovery and job creation Award:** Clyde Ventures Limited Business



Avangrid

Avangrid, a leading company in sustainable energy driving the energy transition in the [United States](#), has recognised its commercial partners at the 2024 Avangrid Supplier Awards, held this year under the theme *Delivering the Future of Energy through Powerful Partnerships*. The company announced **six winners** at the event held at its headquarters in Orange, Connecticut.

- **Supplier of the Year:** Mortenson
- **Health and Safety:** Irby Utilities
- **Excellence in Emergencies or Storms:** Northline Utilities
- **Diversity:** TransAmerican Power Poles (TAPP)
- **Sustainability:** Ferguson Electric
- **Innovation:** ICF





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Certificates and recognitions

13. Certificates and recognitions

ISO 20400:2017 Certificate Sustainable Procurement Strategy

Iberdrola became in 2022 the first private company to be awarded the Sustainable Procurement Strategy Certificate by AENOR, based on the international standard ISO 20400:2017.

In November 2023, it successfully passed the first follow-up audit, obtaining recognition from AENOR to maintain the certification. Subsequently, in September 2024, the certification was renewed once again satisfactorily, after verifying the correct implementation of the System in accordance with the requirements established in the standard. According to the standard, sustainable purchases are considered to be those “that generate the greatest possible positive impact in the environmental, social, and economic fields throughout the entire life cycle of the service or product.” This certification defines how sustainability considerations should be integrated into existing procurement processes, promoting a procurement strategy that includes sustainability as a core value in decision-making.

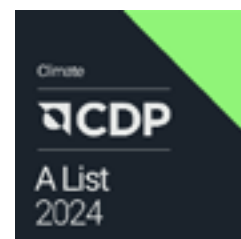
Iberdrola, by obtaining and maintaining this certificate, highlights the efforts made in the development of a supply chain focused on sustainability, favouring a “back and forth” interaction with Iberdrola's suppliers and internal stakeholders in a continuous, transparent manner. In addition, thanks to the digital tools implemented, the management of procurement processes, risk management and compliance with the company's governance guidelines are facilitated, making it possible to be more ambitious in the inclusion of these criteria in the decision-making process.

This recognition confirms the commitment of the Group's management, which was reflected in the 2023-2025 strategic goal in which it established that 85 % of the main collaborating companies should be subject to sustainable development policies and standards by the end of 2025.

The Iberdrola group's achievement of this important certification is part of its global commitment to quality, which involves the excellent management of all processes and resources as an essential lever for creating value for people, shareholders, customers, employees, suppliers and other stakeholders in society.

CDP 2024

Iberdrola continues to show its commitment to decarbonisation. The company has remained in the most prestigious index of climate change in the world, the CDP, with the highest score. According to the data reported by CDP, the company remains on the world's most prestigious list, the CDP “A List,” thanks to its commitment to disclosure, transparency, and environmental action, among more than 24,000 companies analysed.



CDP is a global non-profit organization that manages the world's only independent environmental disclosure system, enabling companies, capital markets, cities, states, and regions to manage their environmental impact.

For the assessment, CDP uses a detailed and independent methodology, assigning a score from A to D based on the thoroughness of the disclosure, knowledge and management of environmental risks, and the demonstration of best practices associated with environmental leadership. Among these is the establishment of ambitious and meaningful targets.

Aligned with international and European standards and the most recent recommendations, CDP holds the world's largest environmental database, whose scores are used to drive investment and procurement decisions toward a sustainable, resilient economy with zero carbon emissions.

DJSI 2024

Iberdrola has achieved 25 consecutive years in the prestigious Dow Jones Sustainability Index (DJSI), making it the only European utility to have been continuously included in the index over this entire period.

This is reflected in the annual update published in December 2024 by S&P Dow Jones Indices, a division of S&P Global, which provides essential data to investors, companies, and governments for making confident decisions.

Iberdrola is thus included as a member of both DJSI World and DJSI Europe in the "Electric Utilities" sector. In this way, the Group's strong commitment to the highest sustainability standards is clearly demonstrated, since, from an initial universe of around 13,000 companies, only those with the highest scores are selected.

Iberdrola, the largest in Europe by market capitalization, with a value exceeding 100 billion euros, has met the S&P criteria that determine inclusion in the index. It adheres to an increasingly demanding methodology that includes more than 120 items related to sustainability, distributed across three main pillars: respect for the environment, social commitment, and good corporate governance.

In this edition, the company has once again demonstrated its leadership in such important areas as innovation, stakeholder engagement, market opportunities, emissions, and human rights, and has once again taken the lead in the global ranking of "utilities," reclaiming the top position it had not held since 2016.

Section Supply Chain

In the *Supply Chain Management* section, Iberdrola received a score of 85 points in the 2024 edition, representing a significant improvement over the 70 points obtained in 2023.

In 2024, an internal and thorough analysis was carried out to identify opportunities for improvement in our supply chain's screening and assessment processes. Some of these improvements were implemented progressively throughout the year, while others continue to be developed in 2025. In addition, an extra effort has been made to include third-party verification of both the processes and the results obtained.

From the Procurement Division, we reaffirm our commitment to continuous improvement and the pursuit of excellence. Raising the level of demand in the assessment process presents a new opportunity to improve management processes and boost sustainability in the Iberdrola Group's supply chain. As a result, the outcomes of the 2024 edition have prompted the launch of new improvement plans, aiming to reach excellent assessment levels in future editions, even surpassing the achievements of 2024.

Scope 3.0 Awards “Best Practice in the Industry”

In May 2024, Iberdrola received the award in the category of ‘Best Practice in the sector’ at the first edition of the 3.0 Reach Awards, organised by CPOnet. This association is a social network that connects more than 20,000 professionals in the procurement sector.

In the first edition of these awards the work of those companies that stand out for their high level of collaboration with their strategic suppliers to reduce greenhouse gas emissions was recognised.

The awards were presented at the Royal Tapestry Factory in Madrid and, among others, by the Minister of Industry and Tourism of Spain, Jordi Hereu and the President of the CEOE, Antonio Garamendi were in attendance. On behalf of Iberdrola, Ignacio Sanchez-Galán, Global Procurement and Services Director at Iberdrola, received the award.



Iberdrola, in its Climate Action Plan, has established an ambitious roadmap with the goal of achieving by 2030 neutrality for CO₂ emissions equivalent of scopes 1 - direct emissions from the fuel consumption of a company or organisation - and 2 - indirect emissions from the energy purchased - and zero net emissions before 2040 for all scopes, including scope 3 - groups the rest of indirect emissions in the value chain.



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Priorities and short and medium-term and objectives

14. Priorities and short and medium-term priorities and objectives

Achievements overcome in 2024

During 2024, Iberdrola's Procurement and Services Division has consolidated significant progress in the integration of sustainability criteria into the Group's supply chain management. These achievements reflect the ongoing commitment to sustainability, the improvement of supplier performance, and the strengthening of due diligence systems, aligned with the Group's strategic objectives.

- The strategic objective set by the Iberdrola Group for 2024 was achieved, with more than 88% of the main awarded suppliers classified as sustainable suppliers, surpassing the 85% threshold. These suppliers comply with the sustainable development policies and standards and the sustainability criteria established. Awards to these suppliers account for more than 92% of the amount awarded in 2024.
- The audit to maintain the Sustainable Procurement Strategy Certificate granted by AENOR, based on ISO 20400:2017, has been successfully passed.
- A global campaign of social audits and sustainability to key suppliers was launched.
- The 9th Supplier Satisfaction Survey was launched.
- A new multi-year objective was defined and implemented to reinforce the Due Diligence System in human rights and the environment within the Supply Chain, including an action plan with defined milestones to ensure compliance with the undertaken actions.
- Supplier of the Year 2024 award ceremonies were held in each of the Group's sub-holdings.
- A cross-cutting, multi-year project called "Supplier Hub" was launched, aimed at strengthening supplier management and interaction capabilities, simplifying the onboarding of new suppliers and the registration processes in the systems, and obtaining an integrated view of performance and supply chain risks.
- Proofs of concept were carried out with different Tier-n platforms for possible implementation, with the aim of improving the risk assessment capabilities of Tier 2 and Tier 3 suppliers.
- Various sustainability traction actions were implemented, aimed at SME suppliers, including the definition of an incentive plan for SMEs, to be rolled out in 2025.

2025 goals and medium-term challenges

Iberdrola's procurement model is undergoing a process of continuous review, based on a strategy of constant and incremental improvement, with the aim of adapting to service needs and encouraging the ongoing pursuit of efficiencies.

The market is evolving toward advanced management models, driven by already available disruptive technologies, such as the application of generative artificial intelligence, which help increase efficiency in certain procurement processes. Moreover, businesses and corporate areas, such as internal clients, operate in increasingly competitive, dynamic, global, and efficient environments, which demand faster response times, where technology and innovation will be key to success.

From a regulatory perspective, the publication of the OMNIBUS package in Europe has led to a redefinition of various elements and requirements previously established in European directives such as the CSRD, the CSDDD, or the Taxonomy. With this review, relevant changes have been introduced, such as the delay in the maximum deadlines for the future transpositions of the CSDDD and the adjustment of certain requirements for companies, with the aim of simplifying the regulatory framework without renouncing the principles of the European Green Deal.

Finally, among the key workstreams and objectives of the Procurement Division to highlight for 2025 are:

- Fulfilling the Iberdrola Group's strategic objective for the 2023–2025 period, ensuring that more than 85% of the main awarded suppliers are classified as sustainable suppliers and are subject to sustainable development policies and standards.
- Deploying the "Supplier Hub" project, of a multi-year and cross-functional nature, to strengthen supplier management and interaction. This includes the creation of a new Supplier Portal, as a single entry point for registration and exchange of information (orders, invoices, certificates, etc.).
- Continue with the roll-out and achievement of the milestones of the new multi-year objective to strengthen the Due Diligence System on Human Rights in the Supply Chain.
- Implement a supply chain mapping tool (Tier-n) for our potentially critical suppliers, thereby improving risk assessment and mitigation, as well as their visibility and resilience capacity.
- Improve the capture of supplier emissions and their decarbonisation goals, in line with our commitment to achieve net zero greenhouse gas emissions across our entire value chain by 2040.
- Develop an incentive plan to support SME suppliers in sustainability and emissions reduction.
- Define the monitoring model for the emission reduction plans of our main suppliers, and establish lines of action to support them in achieving compliance.
- Launch operational efficiency initiatives through the use of generative artificial intelligence models applied to specific purchasing subprocesses.

In the management of suppliers and procurement activities, as well as continuing actions presented in this report, the main priorities and objectives in the short and medium terms are shown in the following images:



ALLIES FOR GREEN INDUSTRIALISATION

