

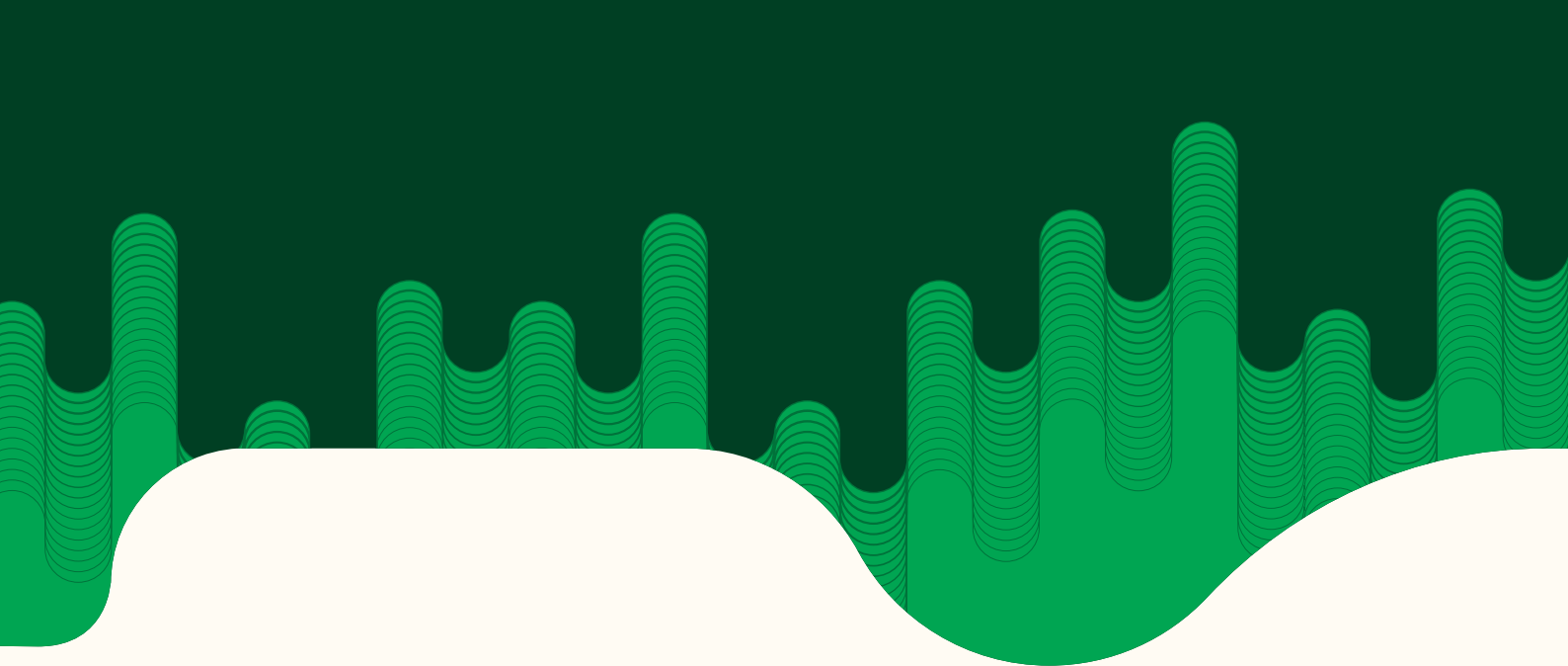


*“Contribution
to the Iberdrola
group’s
sustainability”*

Procurement and Supply Chain Management activity report

2025-2026

June 2026



Message from the Procurement and Services Director

Towards an electric future

With more than a century of history, Iberdrola is a global leader in networks, storage, and clean energy, with a presence in dozens of countries and an innovative, efficient, and sustainable business model based on electrification.

Iberdrola celebrates 125 years of history, an anniversary that reinforces our focus on the future and on the projects we are driving forward to meet growing demand for electricity.

And if there is one thing this milestone reminds us of, it is that nothing or real importance is achieved alone: these 125 years also reflect the value of a network of supplier companies that have been able to innovate and respond to the challenges faced by the sector, contributing to the quality, safety, and reliability of the execution of our projects.

From here, I would like to extend my gratitude to all of them and to their professionals for being tireless companions along this journey and for helping us overcome the challenges that lie ahead.

Electrification is unstoppable

The Iberdrola Group continues to consolidate its global leadership in a context of growing electrification. We promote a model that combines investment, innovation and competitiveness with the creation of sustainable value for society, which has enabled us to exceed a market capitalisation of 135 billion euros in June 2026. Looking ahead, electrification is emerging as a driver of growth and employment. According to the International Energy Agency, global electricity demand will grow by 4% per year by 2027.

In our [2025-2028 Strategic Plan](#), we are investing 58 billion euros to develop power networks, with a focus on the United Kingdom and the United States as our main markets. In doing so, we reinforce our commitment to creating a sustainable and secure energy future.

In the implementation of the Plan, the Procurement function continues to be a strategic driver, providing security and ensuring responsible supply, fostering innovation and efficiencies, and strengthening our supplier network and risk control in an increasingly complex environment.

Procurement in a demanding global environment

Geopolitical tensions, which have led to armed conflicts with uncertain outcomes, continue to generate a climate of volatility and uncertainty, with a real impact on supply chains, key raw materials and logistics. Our ability to anticipate needs, diversify sources of supply, use standardisation to optimise procurement and establish early commitments enables us to secure the strategic equipment required for the investments included in the Strategic Plan.

The shortage of qualified personnel, particularly for the execution of distribution and transmission grid projects, together with rising labour costs in some of the regions where we operate, represents another risk that we must manage through the establishment of long-term agreements with strategic contractors.

Procurement as a driver of positive impact and sustainability

Iberdrola's Procurement activity contributes directly and positively to the economic and social development of the environments in which we operate. With an annual procurement volume of around 14 billion euros, allocated to nearly 20,000 direct suppliers that generate employment for more than 500,000 professionals across the global supply chain, we help stimulate local economies and foster innovation.

Sustainability is a central pillar of our strategy. In 2025, we fulfilled our 2023-2025 commitment to achieve 85% of main sustainable suppliers, a commitment that we will renew looking ahead to 2028.

In this context, we continue to strengthen our supply chain management based on collaboration, compliance, transparency and continuous improvement, where each supplier and its supply chain contribute value, knowledge and execution capacity.



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.

Table of contents

1. PRESENTATION	5
• Mission	5
2. PROCUREMENT IN THE IBERDROLA GROUP	7
• Values of the Procurement function	7
• Procurement Organization	8
• Purchasing Management	9
• Priorities of the Procurement Division	9
• Key figures: volumes, countries, supplies and suppliers	11
• Procurement process transparency	13
• Systems supporting Procurement activity	13
3. POLICIES, GUIDELINES AND PROCEDURES	17
• Purchasing Policy	17
• General contracting terms and conditions	18
• Purchasing procedure	18
4. COMPLIANCE IN THE PROCUREMENT PROCESS	21
• Supplier's Code of conduct	21
• Obligations of suppliers in relation to the Supplier's Code of conduct	22
• Internal information system (whistleblowing channel)	22
• Promoting an ethical culture within the supply chain	24
5. HUMAN RIGHTS IN THE SUPPLY CHAIN	29
• Human Rights Commitments in Contracting Conditions and in the Code of Conduct	30
• Human rights monitoring in the supply chain	32
• Reinforcement on the human rights' due diligence processes	32
• Purchases from countries with risk from a human rights perspective	33
• A tour of human rights and your company	36
• Alignment of Procurement and Supply Chain management with human rights criteria:	37
6. SUSTAINABILITY IN PROCUREMENT MANAGEMENT AND IN THE RELATIONSHIP WITH SUPPLIERS	39
• Commitment to the sustainability of our supply chain at the highest level	39
• Supervision of the Sustainability Program with suppliers	40
• Supplier classification and screening processes	45
• Supplier Sustainability evaluation	49
• Supplier Development	53
• Indicators for supplier classification and screening, supplier evaluation and Sustainability capacity building	56
• Sustainability improvement plan proposals for suppliers	58
• Emissions associated with the supply chain	59
• Alignment of Procurement and Supply Chain management with Environmental and Sustainability Principles	61

7. SUPPLY CHAIN RISK MANAGEMENT	63
• Supplier Financial Risk (SFR)	63
• Risk of fraud and corruption in suppliers	67
• Cybersecurity risk and security breaches in suppliers	69
8. DIALOGUE WITH SUPPLIERS	71
• Supplier Satisfaction Survey	72
• Main benefits in suppliers	73
9. EQUAL OPPORTUNITY PROGRAM FOR SUPPLIERS	75
• Avangrid's "Equal Opportunity Suppliers Program"	75
• Iberdrola Spain's Special Employment Centres	75
10. INNOVATION PROGRAMMES AND SUPPORT FOR START-UPS	77
• Research, Development and Innovation (R&D+i)	77
• Support for entrepreneurs	78
11. SUPPORT PROGRAMMES FOR SMES	81
• Iberdrola joins the UN Global Compact again to continue promoting sustainability among its suppliers	81
• "+ SUSTAINABLES SMEs: Incentives" Programs	82
12. LOCAL PURCHASING	85
• Iberdrola is committed to local industry in the regions where it operates	85
13. DIGITALIZATION	89
• Supplier Hub	89
• Artificial Intelligence (AI)	89
14. SUPPLIER OF THE YEAR AWARDS	93
• The Iberdrola Supplier of the Year Awards 2025	93
15. CERTIFICATES AND RECOGNITIONS	97
• ISO 20400:2017 Certified Sustainable Procurement Strategy	97
• Dow Jones Best in Class 2025	98
• CDP 2025	98
• Recognition of Procurement's leadership in the application of generative artificial intelligence	99
16. PRIORITIES AND SHORT AND MEDIUM TERM OBJECTIVES	103
• 2025 Achievements	103
• 2026 objectives and medium-term challenges	104
ANNEX I POLICY AND GUIDELINES: PRINCIPLES AND RISKS RELATED TO THE SUPPLY CHAIN	107
ANNEX II PRINCIPLES OF ACTION OF THE SUPPLIER'S CODE OF CONDUCT	111

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01

Presentation



1. Presentation

Mission

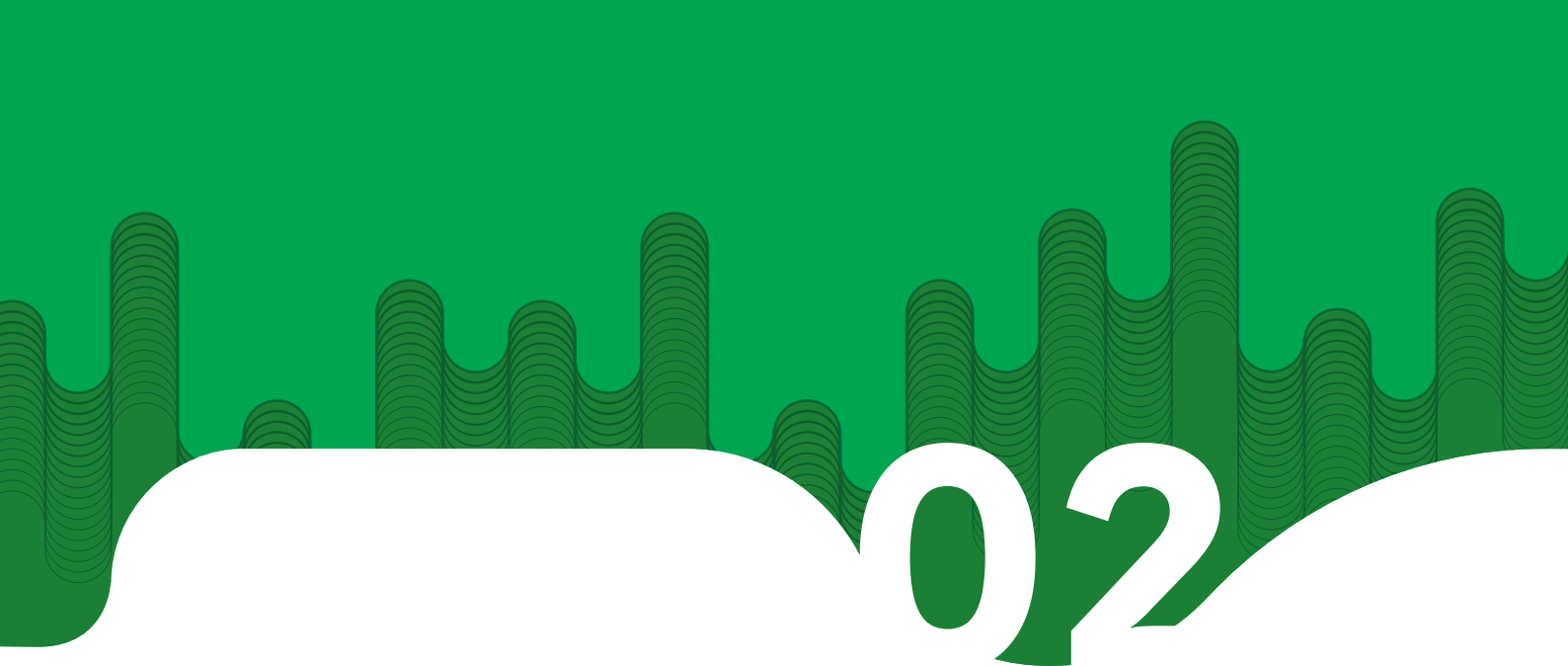
The mission of Iberdrola's Procurement and Services Division is to manage the procurement of equipment and materials (excluding energy and fuel), as well as construction and service contracts across the Group, contributing to the fulfilment of the strategic objectives defined by the Board of Directors in terms of efficiency, strategic alignment, sustainability, ethics and regulatory compliance.

Within this framework, the Procurement function acts as a key driver of value creation for all stakeholders, integrating the principles established in the [Code of Conduct for Directors, Professionals and Suppliers](#), as well as in the [Group's Governance and Sustainability System](#), into its management practices.

The purchasing model incorporates mechanisms that ensure transparent, comprehensive and responsible supply chain management, enabling the challenges arising from globalisation to be addressed with appropriate safeguards. It also ensures the extension of ethical and sustainability standards to all suppliers, regardless of their geographical location or area of activity.

Likewise, the Procurement function adopts a proactive approach to anticipate and respond to increasing regulatory, operational and market demands, promoting the early involvement of suppliers as strategic partners in value creation and in the development of a resilient and sustainable supply chain.





02

Procurement in the Iberdrola Group

2. Procurement in the Iberdrola Group

Values of the Procurement function

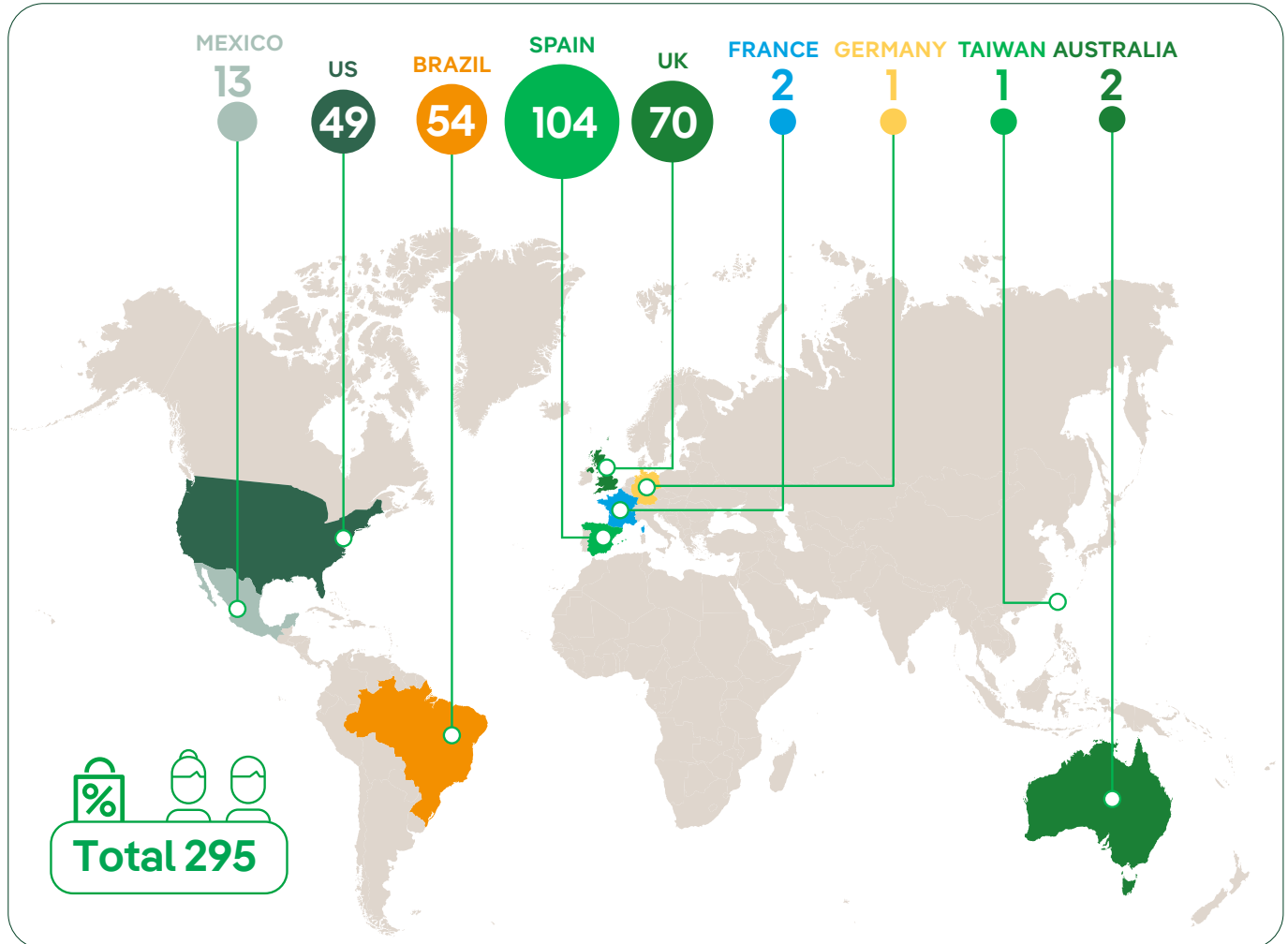
Iberdrola's Procurement function is centralised, enabling the Group to leverage synergies and apply best practices consistently across all business areas. This model is built on four core values:



Procurement Organization

The Iberdrola Group's Procurement organisation comprises 295 professionals, combining a strong local presence with centralised management. This approach enables us to leverage talent and maintain close proximity to both business operations and the local business in the countries where we operate.

Geographical distribution of Purchasing staff as of December 2025



The Procurement team is primarily structured around category management, enabling specialisation by product and service type. This approach facilitates the development in-depth market and product knowledge, enhancing collaboration opportunities and fostering joint innovation with suppliers.

This dynamic underpins the establishment of strategic alliances with selected suppliers, ensuring the security of supply required to deliver the Group's investment plans the Group's investment plans.

In addition, this model drives efficiencies, both internally and in terms of savings. Category management also enables closer alignment with long-term business strategies and requirements, creating value in support of both growth and operational efficiency.

Purchasing Management



The Procurement Division operates under a global coordination model, facilitating the **identification of synergies** and ensuring the **strategic alignment** of procurement decisions.

Priorities of the Procurement Division

The current priorities of the Procurement Division are:

- **Security of supply:** Continues to be a strategic priority in a global context characterized by high geopolitical volatility, trade tensions and increasing competition for critical resources. In recent months, the fragmentation of markets and the repositioning of geoeconomic blocs have intensified, with particular relevance of the rivalry between the US and China, as well as the persistence of conflicts in Ukraine, the Middle East and the recent blockage of the Hormuz Channel, which has increased uncertainty about international logistics flows and has generated additional tensions in the costs and times of transporting raw materials and equipment critics.

In addition, the acceleration of the electrification of the economy and the exponential growth in energy demand, driven, among other factors, by the development of artificial intelligence and data centres are increasing the pressure on supply chains linked to power grids, storage and critical equipment.

In this context, tensions persist in prices and delivery times, especially in strategic equipment associated with transport and distribution infrastructures. To mitigate these risks, Purchasing reinforces its long-term contracting strategies, the establishment of alliances with strategic suppliers and the anticipation of needs, thus guaranteeing the availability of the necessary supplies for the execution of the Group's investment plans.

- **Supply chain development:** As a complement to Security of supply, the Procurement Department continues to promote the development and strengthening of the supply chain with a growing focus on visibility, diversification and resilience.

In recent months, the analysis of value chains beyond the Tier-1 level has intensified, with the aim of improving the identification of structural risks, bottlenecks and critical dependencies.

- **Sustainability:** Sustainability continues to be a fundamental axis in the Procurement strategy, reinforced by the growing regulatory framework (CSRD, CSDDD, European taxonomy) and by the expectations of stakeholders.

In the period 2026-2028, the requirement for suppliers to integrate measurable decarbonisation objectives is intensified, including the reduction of emissions, the use of renewable energy in their production processes and the development of climate transition plans aligned with international standards.

Iberdrola prioritises contracting with suppliers that are making progress in these areas, promoting a more sustainable and resilient supply chain, and maintaining as a strategic objective that more than 85% of the main suppliers awarded meet advanced sustainability criteria.

- **Health and Safety:** The safety and health of Iberdrola's employees, and that of contractors and subcontractors, remains a top priority, with the aim of moving towards zero accidents and making workplaces increasingly healthier.

To this end, we have an Occupational Health and Safety plan that considers, among others, preventive and accident risk indicators. The Procurement Divisions of the businesses and countries have annual objectives to reduce the accident rates of our own personnel and also of contractors and subcontractors.

- **Risk Mitigation and Supply Chain Resilience:** Comprehensive supply chain risk management has become increasingly relevant, in line with the current environment of uncertainty climate.

Procurement continues to strengthen its capabilities to identify, assess and mitigate risks of various nature (financial, operational, geopolitical, cyber, regulatory and reputational), integrating analytical tools and more advanced assessment models.

This approach allows not only to protect operational continuity, but also to anticipate disruptions and increase supply chain resilience, in close coordination with business areas.

- **Efficiency:** Savings are one of the main values provided by a centralized purchasing organization.

In an environment of cost pressure, Purchasing reinforces its focus on spend optimization, combining traditional savings strategies with more advanced levers such as standardization, demand management, volume aggregation and process digitalization.

This approach contributes both to the improvement of Net Operating Expenditure and to the optimization of the cost of investments, maintaining a balance between efficiency and assurance of supply.

- **Competitiveness:** In an environment of increasing competition in the energy markets, Procurement plays a key role in selecting the right suppliers and optimizing costs. The Procurement Divisions of the businesses and countries have annual objectives to contribute to the growth of their respective businesses.

- **Internal Customer Satisfaction:** Purchasing negotiates and optimizes contracts for the different businesses and corporate areas. In this sense, the satisfaction of internal customers is measured every year. Given that one of their recurring concerns is the time frame of the purchasing process, the Procurement Divisions of businesses and countries have specific lines of action, both to improve deadlines and to improve the internal customer satisfaction index.

- **Digital Transformation:** Purchasing continues to strengthen its commitment to the incorporation of advanced digital tools and processes with the aim of optimizing its processes and maximizing its contribution to the set of strategic objectives.

During 2025, the *Supplier Hub* tool was implemented, which allows suppliers to manage their relationship with Iberdrola through a single digital environment. This solution simplifies your operation, eliminating the need to access different platforms depending on the type of management.

Iberdrola has also incorporated the *Prewave* platform, which facilitates the identification of the supply chains of suppliers of critical equipment, and allows a more complete risk assessment beyond Tier-1.

In addition, enormous progress has been made in the adoption of artificial intelligence as an individual productivity tool within the Procurement team. In this line, training and the development of projects aimed at the progressive implementation of use cases will continue to be promoted.

- **Governance and compliance:** The Procurement process must be robust and ensure compliance with the guidelines established in Iberdrola's corporate policies. Procurement support systems allow you to increase the guarantees that the process complies with the established procedures and identify deviations in order to take, if necessary, 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 and suppliers

In the 2025 financial year, the volume invoiced to the Iberdrola group by our suppliers for purchases made in the acquisition of equipment, materials and contracting of works and services, as well as its geographical breakdown, is shown in the following table:

General supply of equipment, materials, works and services (millions of euros)	2025 ¹	2024	2023
Spain	2,566	2,469	2,602
United Kingdom	4,195	2,972	2,077
United States	4,169	4,469	3,646
Brazil	1,851	1,746	2,160
Mexico	206	210	362
Australia	331	161	Included in IEI
Iberdrola Energía Internacional (IEI) ²	780	779	1,737
Total	14.097	12.805	12.584

In 2025, the annual volume of purchases increased by 10% compared to the previous year, reaching a record figure of 14,097 million euros. This high level of activity with suppliers reflects the group's investment effort, especially in electricity transmission and distribution network projects, with a prominent presence in the United States, the United Kingdom, Spain and Brazil, and wind energy projects, both offshore and onshore, and photovoltaic energy.

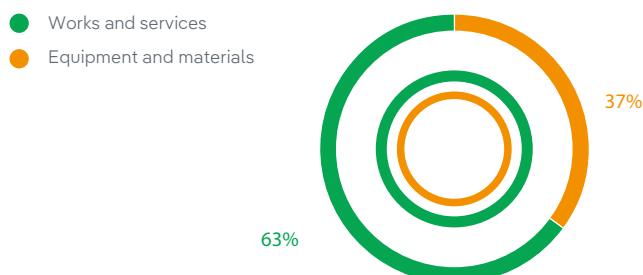
The Group's main suppliers in 2025 were, in alphabetical order:

- Deme Offshore Group
- Eiffage
- GE Vernova
- Hitachi
- Morterson
- Quanta Services
- Siemens Energy
- Sub Sea 7
- Vestas
- Windar

1. Volume invoiced in the year. Amount awarded in 2025: 13,204 €M

2. Excluding Australia

Distribution of purchases by supply type during 2025:



During the 2025 financial year, Iberdrola announced the sale of its business in Mexico to the COX group. This sale was finally formalised in April 2026, the date from which Iberdrola does not carry out any activity in Mexico.

Contribution to society: local purchasing and job creation

Iberdrola follows a strategy of developing local suppliers for its strategic contracts that has allowed it to maintain a powerful industrial fabric in the geographies in which it operates.

Purchases from local suppliers³ at the end of 2025 represent 86.2%, with the following breakdown:

Acquisition or contracting materials, equipment, works and services from local suppliers (%)	2025	2024	2023
Spain	94,5	96,3	91,1
United Kingdom	70,0	68,4	73,9
United States	96,6	95,9	93,5
Brazil	99,5	99,5	99,5
Mexico	70,8	86,0	73,8
Australia	98,4	Included in IEI	Included in IEI
IEI ⁴	56,8	67,2	80,7
Total	86,2%	87,8%	88,5%

The high purchase volumes in the countries where Iberdrola operates act as an engine of growth, boosting business, industrial and social development. This activity contributes significantly to the generation of employment, not only in the supplier companies, but also in their auxiliary industry and in the associated service companies.

Considering both direct employment and indirect and induced impact, Iberdrola contributes annually to the maintenance of nearly 500,000 jobs worldwide, well above its own workforce of 45,400 people.

3. Depending on the CIF or Tax Id assigned to the supplier, local is considered to be one that is registered in the same country as the subsidiary of the Iberdrola group for which it carries out operations

4. Except Australia, reported under a separate heading

Procurement process transparency

The Procurement Division guarantees equal opportunities in procurement processes through the application of criteria of objectivity and impartiality in relations with suppliers. It also promotes publicity and competition in selection processes, always under the principles of efficiency in management.

With the aim of strengthening transparency in bidding processes, it is established that the request for and receipt of bids, as well as the economic negotiation with suppliers, are the exclusive competences of the Purchasing organization or, where appropriate, of the corresponding delegated business manager.

The transparency of the procurement process is assessed by specific annual indicators. These include conducting the final round of negotiation through competitive and transparent closing mechanisms, such as the “sealed envelope” and electronic auctions. Likewise, the degree of competition is monitored through indicators such as 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.

Finally, as a guarantee of transparency, the procurement process is audited annually by both internal teams and external entities, with no non-conformities detected during the year.

It is worth highlighting the satisfactory results obtained in the follow-up audits for the maintenance of the certifications of the management systems in accordance with the [ISO 9001](#), [ISO 14001](#) and [ISO 20400 standards](#).

The recommendations and opportunities for improvement identified in these reviews are analysed and, where appropriate, implemented with the aim of encouraging continuous improvement.

Systems supporting Procurement activity

Iberdrola's Procurement Division relies on the following digital platforms for the development of its activity:

- **IBuy:** a global collaborative tool based on the SAP Business Network platform (formerly SAP Ariba Network), which provides comprehensive support for the management of purchasing processes. It includes requests for proposals, negotiations with suppliers, catalog management, and internal approvals of all these processes, all in a digital native environment and with partially automated processes. IBuy integrates the indicators of the analysis processes and the risk assessment of each supplier in real time.
- **Achilles-GoSupply:** supplier management platform that allows the classification of current and potential suppliers, as well as the evaluation and monitoring of their risks and sustainability performance. This tool is integrated with IBuy, allowing for coordinated and efficient supply chain management.
- **Supplier Hub:** Iberdrola's global initiative to centralise and modernise supplier management on a single digital platform, supported by SAP Business Network, which acts as a single point of relationship. Its objective is to unify processes and tools throughout the entire supplier life cycle, from registration and master data management to tenders, orders, invoicing and payments, improving operational efficiency, information quality and traceability, and offering a more agile, transparent and secure experience for both suppliers and internal areas of the Company.
- **Prewave:** An AI-based supply chain risk management platform. It uses AI to gather information from multiple public sources in different languages (news, social media, official data, customs information). It allows you to identify and establish potential connections between direct suppliers and their corresponding Tier-n levels.

The platform preemptively detects and alerts on potential breaches or disruptions, facilitating real-time analysis of events and data. Its objective is to monitor global risks that can impact the supply chain, including aspects of sustainability, social conflicts, natural disasters, financial risks, among others.

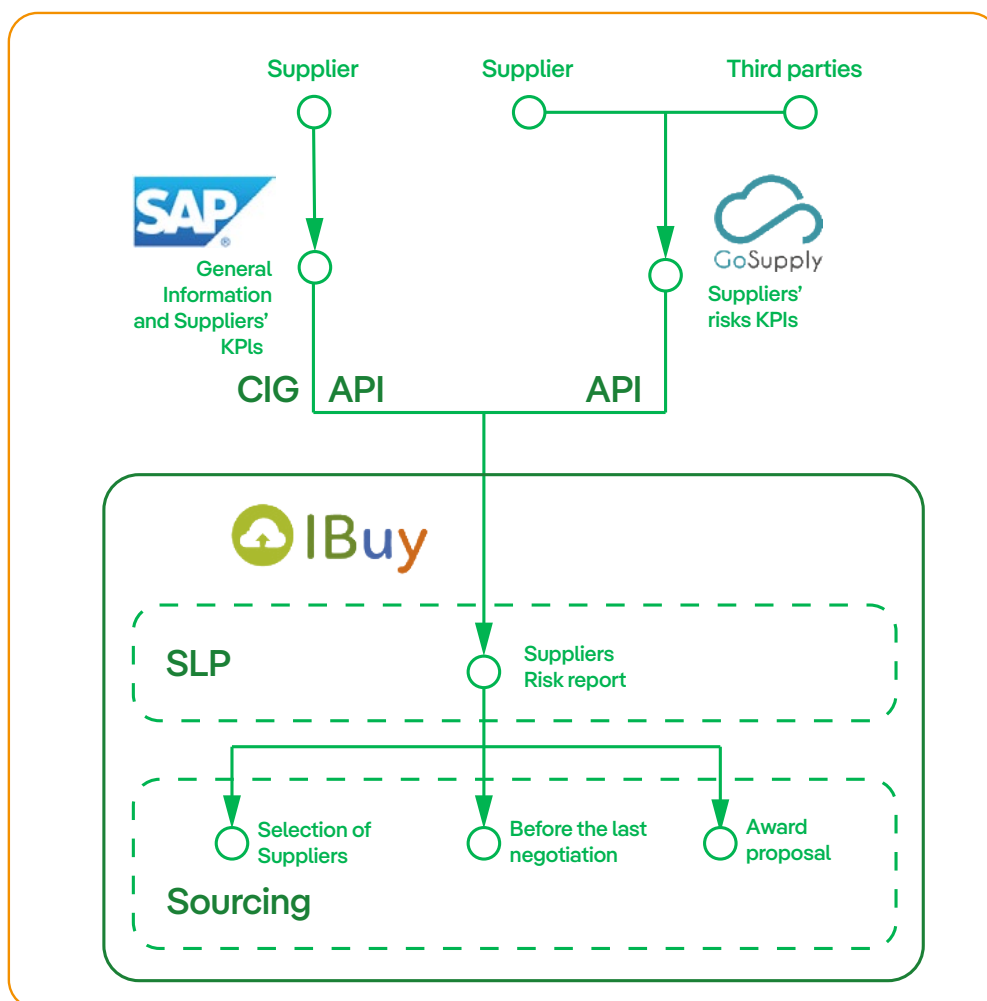
- **SAP (ERP):** business management platform that includes, among other processes, budget control, the generation of requests for needs and the issuance of orders.

Integration of Procurement systems

Efficient procurement management requires access to up-to-date information throughout the process, particularly when supplier risk assessment and mitigation are critical 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 s, professionals and suppliers, as well as the Supplier's Code of conduct.

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







03

Policies, Guidelines and Procedures

3. Policies, Guidelines and Procedures

The [Iberdrola Group's Governance and Sustainability System](#) is the set of rules, principles and policies that define how Iberdrola is managed to create long-term value, ethically, responsibly and in line with sustainability.

Corporate policies, which make up the second book of the [Governance and Sustainability System](#), are characterised by their function of linking and concretising ideas and values in modes, patterns and criteria of action, rationalising management decisions in the different fields and issues that, by their very nature, require it. The different corporate policies are grouped as follows:

- Policies related to transparency and good governance,
- Human and social capital policies,
- Natural capital policies and
- Policies related to the sustainable value chain.

The Purchasing Policy is integrated within this last block and shares with the rest of the policies a common approach, aimed at collecting, from different perspectives, the fundamental pillars that facilitate the value chain to continue generating sustainable competitive advantages in the long term and contribute to the progress of society.

Likewise, the Purchasing policy includes basic principles applicable to the acquisition of equipment and materials, as well as the contracting of works and services, constituting the basis that must govern, inspire and inform the actions and regulatory developments that, in the exercise of their powers and under the protection of their autonomy of will, carried out by the Group's companies in this area.

Purchasing Policy

The **Purchasing Policy**, initially approved by the Company's Board of Directors on 18 June 2013 and last amended on 16 December 2025, establishes the global framework for the control and management of risks resulting from the activities of purchasing equipment and materials, and the contracting of works and services throughout the Iberdrola group, with special emphasis on compliance with the ethical commitments of the Group's professionals and the suppliers of the companies that make it up.

The basic principles set out in the Purchasing policy are detailed in [Annex I](#).

The Purchasing policy establishes guidelines and limits on the levels of delegation of authority and purchasing procedures of the Group under the principles set out above, defines the risks related to the supply chain, as well as on the organisational principles that must prevail to ensure full respect for the corporate organisation derived from the Governance and Sustainability System.

The risks related to the supply chain set out in the Procurement Guidelines are detailed in [Annex I](#).

The Procurement Division has been updating its Policy, Guidelines, Procedure, Supplier Management and Classification Systems to ensure that award decisions are made taking into account the best risk assessment of its suppliers.

General contracting terms and conditions

The general terms and conditions of the Iberdrola group are general documents that regulate the relations between the Group's companies and their suppliers and contractors. They are usually an essential part of the contractual documentation.

These conditions include clauses that oblige the parties to act in accordance with the highest standards of safety, prevention of occupational risks and respect for the environment. They also incorporate specific provisions on the supplier's corporate social responsibility, based on the UN Universal Declaration of Human Rights, the Conventions of the International Labour Organization and the principles of the Global Compact. These principles include respect for and protection of human rights, zero tolerance for any form of forced and compulsory labour, child labour, discrimination, harassment, and corrupt practices.

When the supplier must subcontract part of the supply or service entrusted by Iberdrola, it must transfer these same principles to the contractual conditions applicable to the subcontractor or reseller.

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

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

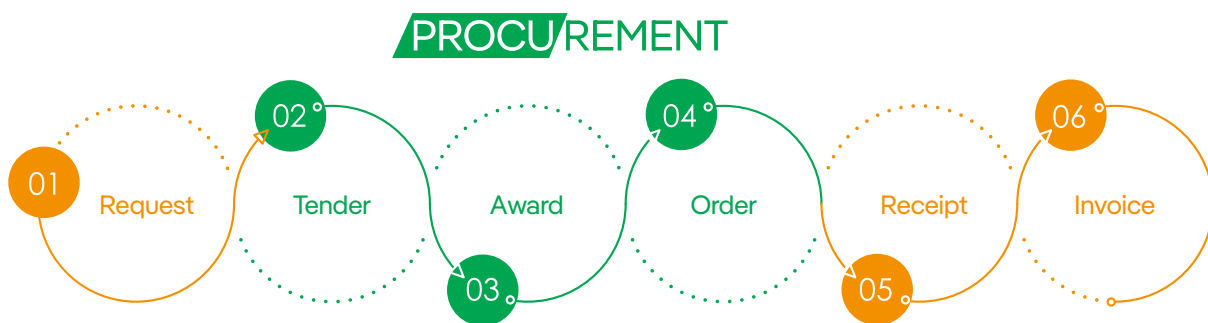
<https://www.iberdrola.com/suppliers/tenders/contracting-terms>

Purchasing procedure

The purchasing procedure develops and applies the principles established in the Purchasing Policy and in the Guidelines and Limits on Purchasing Risk of the Iberdrola Group.

The management of the procurement of equipment, materials, works and/or services covers all phases of the purchasing process, from its initial planning to the formalisation of the contract with the supplier or contractor.

The Purchasing Organization is responsible for carrying out this management for the benefit of the units or companies that are the head of business and the companies dependent on them, through the following phases:

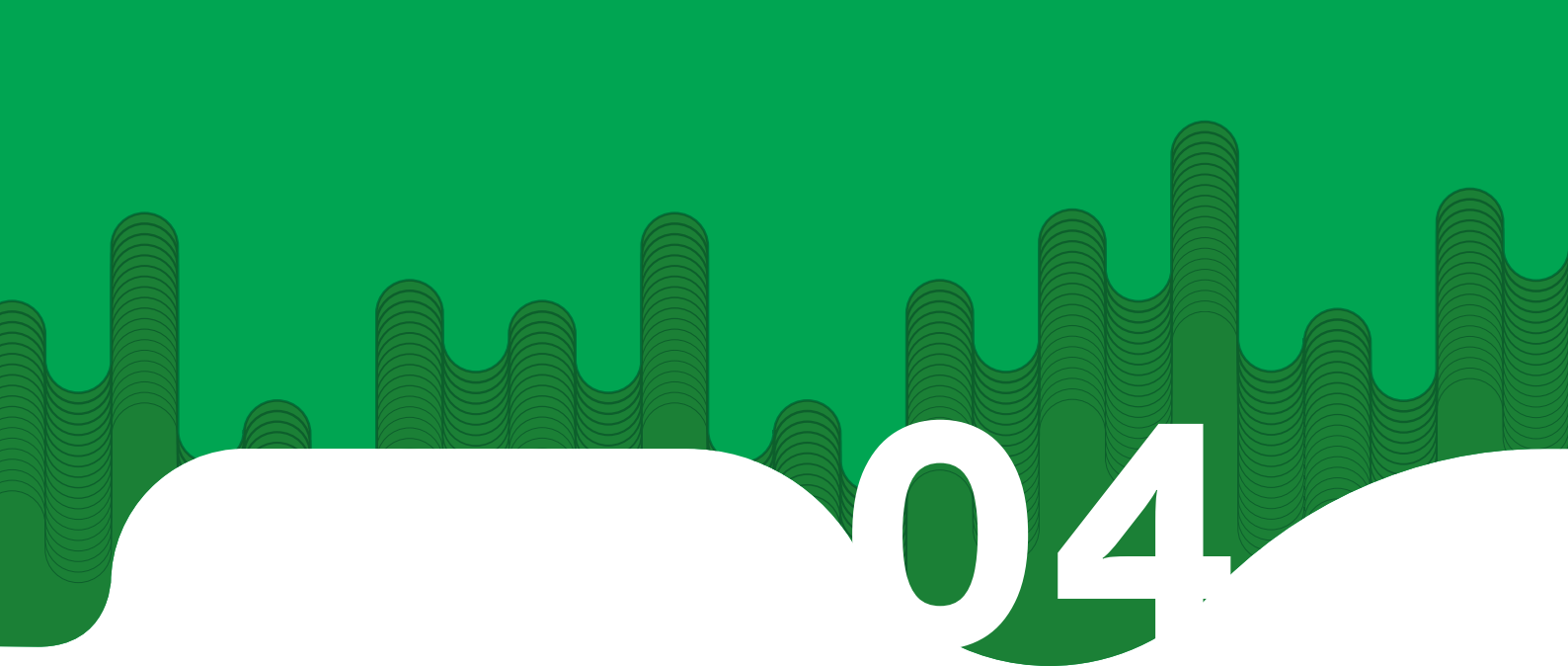


Procurement procedure flow

The Procurement Department has the certification of the quality management system according to the UNE-EN-ISO 9001:2015 standard, which currently covers the companies belonging to the Iberdrola group in Spain, the United Kingdom, Mexico and the United States. This recognition represents a significant milestone and highlights the efforts made to integrate processes and standardize quality levels, thus consolidating the corporate purchasing model.

Within the framework of the 2025 audit plan, the external follow-up audits in accordance with the UNE-EN ISO-9001:2015 standard, carried out at the sites in Spain (Torre Iberdrola, Bilbao) and in Mexico, were satisfactorily passed.





04

Compliance in the procurement process

4. Compliance in the procurement process

Supplier's Code of conduct

The [Iberdrola group's Code of Conduct for directors, professionals and suppliers](#) is a fundamental pillar for guaranteeing integrity in the development of its businesses. The vision and values set out in this code of conduct are translated into principles of action that guide and bind the Group's professionals in their relationship with third parties.

This Code reflects the Company's commitment to the highest standards of business ethics and transparency in all areas of its activities. It establishes a set of principles and guidelines of conduct aimed at ensuring ethical and responsible behaviour on the part of the directors, professionals and suppliers of the companies of the Iberdrola group.

The Company aspires that its conduct, and that of the people linked to it, is in accordance not only with current legislation and the Governance and Sustainability System, but also with the generally accepted ethical and sustainable development principles. In particular, it promotes absolute respect for human rights recognized in both national and international law.

For its part, the [Supplier's Code of conduct](#) is a version extracted from the [Code of Conduct for Director, Professionals and Suppliers](#) and composed of sections A and D. It includes the ethical principles that must govern the actions of the Group's suppliers, who must expressly accept them before starting their contractual relationship. This document is attached to the corresponding orders and contracts.

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

The 2025 revision reinforces the changes introduced in the June 2024 update, which already consolidated the principles and requirements applicable to suppliers. In particular, it is established that they must ensure that their own suppliers and subcontractors comply with principles of action equivalent to those set out in the Supplier's Code of conduct. They are also required to extend these requirements to their entire supply chain.

This update reinforces the focus on sustainability, human rights and environmental due diligence along the entire value chain.

The principles of supplier conduct included in the Supplier's Code of conduct are detailed in [Annex II](#).

Obligations of suppliers in relation to the Supplier's Code of conduct

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

In the case of new suppliers, during the registration process in the Group's systems, they are expressly asked to confirm that they have read, understood and share the ethical and social responsibility principles of the Iberdrola Group and, in particular, the [supplier's Code of Conduct](#).

Likewise, the [Supplier's Code of Conduct](#) is incorporated as an annex to all orders and contracts issued by the Group, forming an integral part of the contractual documentation. This reinforces its mandatory nature and the supplier's commitment to compliance.

Internal information system (whistleblowing channel)

The Group's companies have [whistleblowing channels](#) enabled to report conduct that may involve irregularities, illegal acts or behaviour contrary to the law or the rules of conduct set out in the Code of Conduct for Directors, Professionals and Suppliers, or other internal rules or procedures.



Through this channel, possible breaches by Iberdrola group professionals in relation to the Governance and Sustainability System can be reported, as well as actions contrary to the law by suppliers, subcontractors or their employees, within the framework of their commercial relationship with the Group's companies. All communications received are treated as confidential information and, in the case of reports, may be made anonymously.

In addition to the whistleblowing channel, the [contact channels](#) and [Query mailbox](#) allow us to raise doubts about issues relevant to our stakeholders, such as the interpretation and compliance with the Code of Conduct for directors, professionals and suppliers and the rest of the internal regulations on compliance.

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 [2025 Iberdrola Group Compliance Systems Transparency Report](#), published in April 2026, a total of 6,705 communications were received through internal information channels, of which 1,804 were queries and 4,901 complaints. After a preliminary analysis by the Compliance Unit, 3,382 of these complaints were admitted for processing.

On the other hand, in 2025, of the total number of complaints received, including those in progress from previous years, 154 were identified related to the Group's suppliers, assessed as potentially critical and that could have some impact. This information is included in the [Iberdrola group's Consolidated Statement of Non-Financial Information \(NFIS\) and Sustainability Information for the 2025 financial year](#)

In these cases, 100% of the situations were managed in accordance with the Guide to Action and Sanctions for Suppliers, applying measures aimed at both mitigating and/or remedying the non-compliances detected and preventing their recurrence. As a result, corrective measures were adopted that resulted in sanctions for 22 suppliers out of the 154 identified through the whistleblowing channel. In none of the cases analysed has it been necessary to terminate the contract.

Promoting an ethical culture within the supply chain

Campaign Promotion Supplier's Code of conduct

With the aim of strengthening awareness of the Supplier's Code of conduct among our suppliers, contractors, subcontractors and their professionals, in 2021 the Compliance unit prepared the Supplier's Code of conduct Brochure.

Since then, various dissemination campaigns have been carried out globally to facilitate the dissemination of the ethical principles of the Iberdrola group. These actions are aimed at both supplier employees and to encourage these principles to be extended to the rest of our supply chain.

In 2025, following the amendments made in March to the Code of Conduct for Director, Professionals and Suppliers, the prospectus was also updated to incorporate those 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.

Supplier Compliance System Assessment

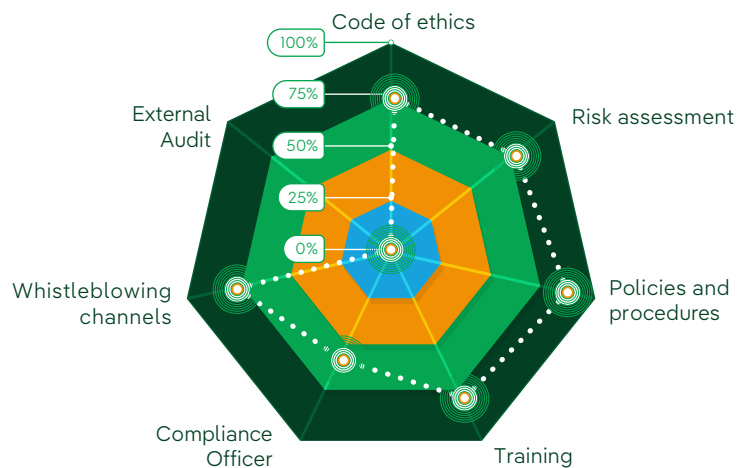
The Procurement Division, in collaboration with the compliance function of each company and in line with the Group's strategic objectives in terms of sustainability, actively promotes the development of compliance systems among the third parties with which it interacts.

In this context, and in coordination with the different compliance functions, regular contacts are maintained with suppliers with the aim of promoting the implementation of their effective compliance systems, aligned with the principles established in the Group's Governance and Sustainability System.

The impact of these actions is monitored through the evolution of the supplier's score in the supplier assessment model developed by the Procurement Division, based on sustainability criteria.

As stated in the [2025 Iberdrola Group Compliance Systems Transparency Report](#), published in April 2026, more than 2,2496 of the Group's main suppliers already have a robust compliance system, with a score of more than 70 points out of 100 in their "Compliance Score". This represents an increase of 8% compared to the previous year and reflects the effort made by suppliers to strengthen their management and compliance systems.

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



In this context, Iberdrola has accompanied 15 strategic suppliers with a higher-than-normal level of risk in the development of their respective compliance systems in 2025. This accompaniment has included specific meetings to analyse the key elements of their systems, documentary review and the joint definition of action plans for their improvement. The ultimate goal is to strengthen these systems to allow for their eventual certification or external verification in accordance with international best practices.

SME Supplier Compliance System Improvement Campaign

As a specific line of action, a global initiative was launched in 2022 aimed at promoting the development of compliance systems in the suppliers with which it has a relationship.

Within the framework of this initiative, a set of approximately 100 main suppliers was selected that shared certain characteristics: small and medium-sized companies, with a high degree of links with Iberdrola and with poorly developed compliance systems.

Over the course of three years and in collaboration with the Compliance Unit, regular contacts have been maintained with these suppliers to promote the implementation of robust compliance systems. The impact of these actions has been monitored through the evolution of the “Compliance Score” within the supplier assessment model developed by the Procurement Department in accordance with sustainability criteria.

The initiative is due to end in 2025. Although some suppliers continue to implement improvement actions, the results obtained are highly satisfactory:

Subholding	Selected Suppliers 2022	Average Initial Compliance Score 2022	Participating Providers 2025	Average Score Compliance in 2025
Brazil	20	29,23	16	41,9
Spain	20	31,09	18	54,6
Mexico	12	30,08	2	38,8
United Kingdom	20	30,33	15	57,7
United States	23	29,22	23	61,7
Total general	95	29,96	74	54,2

A walk through our Compliance System

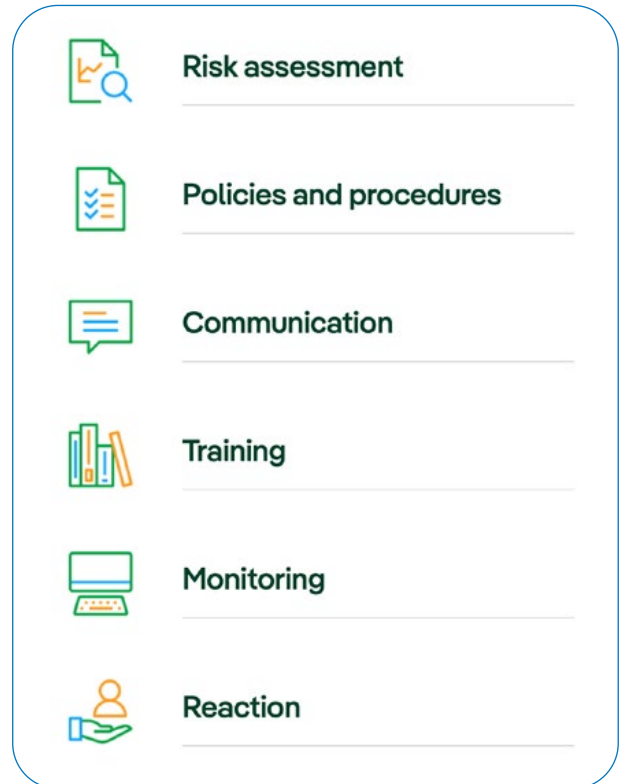
In 2022, we made an interactive module available to our suppliers on our website with the aim of improving our suppliers' knowledge of what elements should make up an effective Compliance System. In 2025 it has been updated to improve its access.

A Compliance System is a set of organisational 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 the third parties with whom it is related. The ultimate goal of this system is to promote an ethical culture and integrity in organizations.

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

Its ultimate objective is to ensure the application of the Code of Conduct for Directors, Professionals and Suppliers and to establish criteria and guidelines for action for the development of upright professional conduct.

The elements that should make up an effective Compliance System are the following:

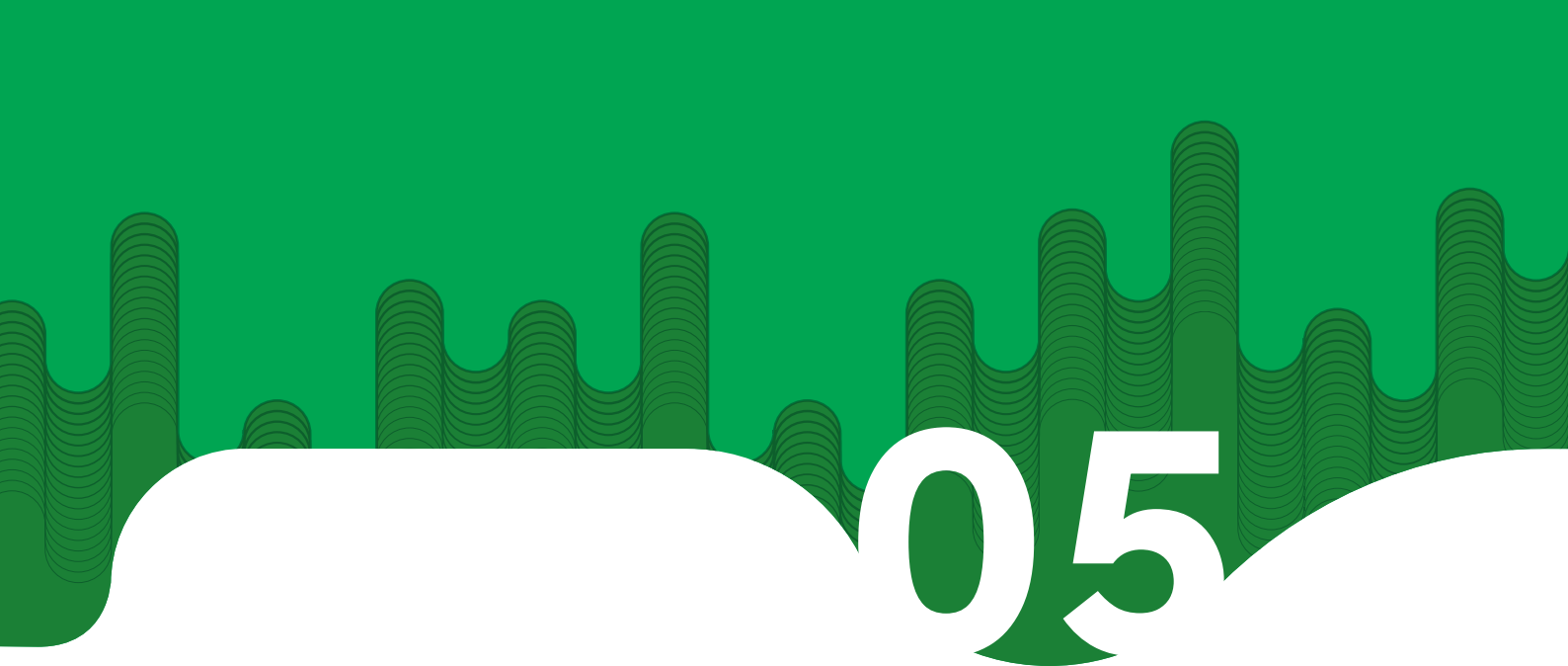


Whistleblowing channel promotion campaign

The Procurement Department continuously promotes awareness initiatives aimed at the supply chain, with the aim of reinforcing the culture of integrity, transparency and regulatory compliance. In this context, during 2025, communication campaigns aimed at giving visibility, among others, to Iberdrola's Whistleblowing Channel as a confidential and secure tool for reporting possible irregular conduct, have continued to be developed.

In turn, these campaigns help to remind suppliers of their obligation to have equivalent internal systems, in accordance with the regulations applicable in each country. For example, in Spain, Law 2/2023 on whistleblower protection establishes the obligation to have an internal whistleblowing channel for all companies with more than 50 employees. For those suppliers that, due to their characteristics, are not legally obliged or that operate in jurisdictions without this type of regulation, these represent an opportunity to strengthen their management systems and align them with international best practices.

In addition, these actions have promoted the integration and registration of these mechanisms in corporate supplier management systems, favoring their traceability and verification within the evaluation and monitoring processes. The initiative is part of a global and progressive approach, aimed at extending these standards to the entire supply chain and consolidating a homogeneous compliance model.



05

Human Rights in the Supply Chain

5. Human rights in the Supply Chain

Iberdrola adopts the necessary measures to ensure respect for and protection of human rights throughout its supply chain. These actions are guided by the principles set out in the *Code of Conduct for Directors, Professionals and Suppliers*, as well as in the regulatory framework of its Governance and Sustainability System. Iberdrola's approach is aligned with the leading international standards, including the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the fundamental conventions of the International Labour Organization.

Based on these principles, Iberdrola has defined a supplier risk management system that covers the registration, classification and screening, risk assessment, and supplier management phases. This system incorporates due diligence mechanisms aimed at preventing and mitigating, promoting the development of supplier capacities, and, where appropriate, remedying potential negative impacts on human rights.

Human rights and environmental due diligence processes applied to the supply chain are configured as a continuous process of identification, evaluation, prioritization, prevention, mitigation, monitoring and, where appropriate, remediation of actual or potential adverse impacts. This system is integrated into the processes of purchasing, approval, contracting, monitoring and evaluation of suppliers, and is periodically reviewed in order to ensure that it is appropriate to the risks identified and to the evolution of the regulatory, sectoral and geographical context.

To identify the potential risk, this system takes into account, among other factors:

- Country or geographical origin of the suppliers,
- Sector of activity,
- Specific risk associated with the equipment, product supplied or main raw material,
- Link to possible controversies related to inadequate sustainability performance, especially in the social, labour, and human rights fields.

The operation of this system makes it possible to identify the main risks and impacts present in the supply chain and to adopt, in each case, prevention, mitigation and, where appropriate, remediation measures. In this sense, risk management is not limited to the direct supplier but is progressively extended to its suppliers and other entities in the value chain when the risk profiles the criticality of the supply or the potential severity of the impact require it.

In addition, Iberdrola complements this approach with additional initiatives aimed at supporting its suppliers in understanding these risks and improving their management, by fostering the relationship with potentially affected parties.

Internally, Iberdrola has set up various working groups that act as coordination bodies between the areas of Purchasing, Sustainability, Compliance, Risks, as well as other functions related to human rights, with the aim of strengthening governance, supervision and implementation of due diligence on sustainability and human rights in the supply chain.

First, the Sustainability Due Diligence Working Group in the supply chain aims to align criteria, responsibilities and monitoring mechanisms in relation to the management of human rights due diligence of third parties, especially suppliers, contractors and other business partners.

Secondly, Iberdrola has a multidisciplinary working group to monitor the risk of forced labour in the supply chain of solar panels. This group aims to deepen the assessment of this risk, interpret the applicable legislative developments and define the necessary measures to strengthen due diligence in value chains with greater exposure, especially those linked to solar components and panels.

Thirdly, Iberdrola has established a working group to prepare the Corporate Sustainability Due Diligence Directive (CSDDD), comprising, among other areas, the Corporate Sustainability, Risks, Compliance and Procurement Divisions, and supervised by Internal Audit. Its role is to support the adaptation of Iberdrola's due diligence model to new regulatory requirements, strengthen internal coordination and ensure its integration into corporate processes and the supply chain.

Together, these working groups constitute a structured internal governance mechanism that allows for the coordination of human rights due diligence, supplier risk management, regulatory monitoring, forced labour risk assessment, and preparation for future regulatory obligations. They also help ensure consistency between corporate policies, procurement processes, supplier screening, contractual requirements, risk monitoring and the eventual adoption of corrective or remedial measures.

Human Rights Commitments in Contracting Conditions and in the Code of Conduct

Iberdrola requires its suppliers to strictly comply with human rights principles and standards, in line with the company's regulatory framework and its Governance and Sustainability System.

The Code of Conduct for Directors, Professionals and Suppliers, approved by the Board of Directors and updated in March 2025, is a fundamental pillar to guarantee integrity and transparency in all the Group's actions. This Code reflects the commitment to the highest ethical standards and promotes respect for human rights recognized in national and international legislation. It is complemented by the Ethical and Basic Principles of Governance and Sustainability and by the Group's various policies, highlighting the Policy on Respect for Human Rights.

The Supplier's Code of conduct, an excerpted version of the previous one, includes the ethical principles that must govern the actions of suppliers and is incorporated as an annex to all orders and contracts. Its express acceptance is a precondition for the beginning of the contractual relationship.

Its commitments include: respect for human rights and international environmental standards; the prohibition of forced labour, modern slavery and child labour; the implementation of reliable mechanisms to verify the age of workers; the guarantee of decent working conditions; equal opportunities and zero tolerance for discrimination and harassment; respect for freedom of association and collective bargaining; and the adoption of measures to guarantee safety and health at work.

The Code also requires suppliers to collabourate with Iberdrola in identifying human rights and environmental impacts associated with their operations, products or services, as well as establishing preventive and corrective plans when necessary.

Among these demands, the obligation of suppliers to respect the fundamental rights of their employees in labour matters, prevent any form of harassment, ensure adequate conditions of hiring, work, health and safety and extend these same principles to their own suppliers, subcontractors and their entire supply chain stands out.

In addition, Iberdrola requires its suppliers to collaborate in the identification of possible human rights impacts, as well as to establish prevention and correction plans in cases of special severity.

Finally, the Group requires its suppliers to implement mechanisms that allow employees and third parties to make complaints or claims, even anonymously, in the event of possible breaches of human rights, as well as to inform them about the Group's internal information channels through which they can report practices contrary to the principles of the aforementioned Code.

Iberdrola a higher level of contractual human rights requirements depending on the risk profile of the supplier, the supplier and the country or sector of origin, applying a risk-based approach. These requirements include general clauses and, where appropriate, reinforced clauses relating to traceability, cooperation in verifications, social or sustainability audits, implementation of complaint mechanisms and the obligation to adopt preventive, corrective and, where appropriate, remedial plans.

In this regard, the Group has incorporated in its general terms and conditions of contract, which are part of the orders and contracts, corporate social responsibility clauses based on the United Nations Universal Declaration of Human Rights, the conventions of the International Labour Organization and the principles of the Global Compact.

These clauses require suppliers to ensure that the supply of equipment and materials and the execution of works and services are carried out in accordance with principles of sustainability and respect for human rights, including:

- Respect for and protection of human rights.
- The non-complicity, direct or indirect, in the violation of said rights.
- Respect for freedom of association and the right to collective bargaining of workers, in accordance with the legislation applicable in the country of operation.
- The elimination of all forms of forced or compulsory labour, understood as any work or service demanded of an individual under the threat of sanction and not performed voluntarily
- The eradication of any form of child labour in its organization, respecting the minimum ages of employment in accordance with the applicable legislation in force and having adequate and reliable mechanisms for verifying the age of its employees.
- The elimination of any practice of [discrimination](#) or harassment in respect of employment and occupation, including those based on race, colour, sex, religion, political opinion, national descent, or social origin, which has the effect of nullifying or impairing equal opportunity or employment in employment and occupation.
- The adoption of a preventive approach to environmental issues that contributes to sustainable development, limiting activities whose impact on the environment is doubtful.

In addition, for certain contracts, which are more exposed to human rights risk, Iberdrola includes specific clauses in contracts that reinforce these obligations, including:

- Compliance with Iberdrola's Human Rights Policy and notification of any non-compliance that may occur.
- The extension of these principles to the supplier's supply chain.
- Cooperation with Iberdrola in verification processes, in order to demonstrate 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, including social, sustainability and traceability audits, in order to respond to information requirements that may be raised by third parties.
- The implementation of due diligence processes with respect to recognized international frameworks in order to identify, prevent, mitigate and, where appropriate, repair the human rights impacts that may occur.

Through this clause, suppliers adhere to the principles of social responsibility and respect for human rights of the Iberdrola group. During the term of the contract, Iberdrola may verify compliance and, in the event of non-compliance, require the adoption of corrective measures. If these measures are not implemented, the company reserves the right to terminate the contractual relationship.

Human rights monitoring in the supply chain

100% of suppliers of equipment and materials, works and services are monitored through screening processes that consider, among other aspects, significant risks and management practices in areas related to human rights.

Based on the established criteria, those suppliers classified as having a higher level of risk are specifically evaluated in terms of Sustainability, with special attention to the following aspects: Human Rights Due Diligence: availability of due diligence policies and systems in accordance with the Guiding Principles on Business and Human Rights, guarantee of the absence of forced and child labour and modern slavery in their supply chains, existence of procedures and mechanisms for the reception of complaints and grievances in matters of human rights or discrimination and extension of requirements and social audits to their own supply chain.

- Occupational Health and Safety: implementation of management systems and certifications; carrying out risk assessments, training workers, monitoring accidents and indicators, carrying out emergency plans and drills.
- Labour practices: respect for fundamental rights such as freedom of association and collective bargaining, decent working conditions and remuneration in accordance with applicable regulations and promotion of equal opportunities and work-life balance.

The management and mitigation of these risks is carried out through the processes of control and continuous improvement and promotion of training programs, as well as periodic audits carried out by each business unit.

In 2025, the initiative initiated in 2022 has been continued, with 42 social and sustainability audits aimed at Tier-1 main suppliers being carried out globally. This initiative was launched with the aim of ensuring compliance with the Group's Sustainability criteria and validating the supplier evaluation model.

Reinforcement on the human rights' due diligence processes

In 2024, the Procurement Division incorporated among its priorities an ambitious multi-year objective aimed at strengthening the Human Rights and Environmental Due Diligence System in the Supply Chain. To this end, it defined an action plan and established the actions to be undertaken in the year, as well as in the following ones.

In this line, the Group is working in different areas, such as:

- The updating of the Code of Conduct for Managers, Professionals and Suppliers and the Supplier's Code of conduct as detailed in chapter 4 of this report.
- The updating of the General Terms and Conditions of Contract to adapt the requirements to be made to any supplier in terms of human rights to the risks identified by the Group in this area.
- Ensure a consistent approach in the application of human rights clauses to those suppliers with critical supplies for the company and/or with a higher level of human rights risk.
- Deepen 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.
- Strengthen the system of social audits carried out by the Group and update the internal procedure for action in the event of identification of non-conformities.

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

Likewise, in 2025, new areas of action were incorporated, including two initiatives aimed at assessing the risks of second- and third-tier suppliers (Tier 2 and Tier 3) linked to certain first-tier suppliers (Tier 1) with the highest potential risk:

- Implementation of the Prowave tool and development of new analysis processes aimed, on the one hand, at identifying the traceability and connections between Tier 1 suppliers of critical equipment and their corresponding Tier 2 and Tier 3 and, on the other, based on these, at detecting risks associated with supply chains beyond the Tier 1 supplier.
- Carrying out social and sustainability audits of Tier 2 and Tier 3 suppliers. For this initiative, SEDEX's SMETA social audit standard was chosen, considered an international benchmark in this type of assessment. In general terms, the results were satisfactory, although in one of the suppliers' non-conformities were detected related to non-compliance with the maximum number of weekly hours allowed for some workers. The main supplier coordinated with its supplier the implementation of the agreed corrective measures, thus correcting the non-conformity detected.

This reinforcement plan is developed as a multi-year roadmap with milestones, responsible parties and defined monitoring mechanisms, aimed at progressively strengthening traceability, the assessment of specific human rights risks, the depth of analysis in supply chains with greater exposure and the capacity to respond to non-compliance or warning signs.

The roadmap also seeks to anticipate the adaptation of the purchasing and supplier management model to future regulatory requirements in terms of sustainability due diligence, reinforcing the integration of these requirements into ordinary contracting and monitoring operations.

In this context, the monitoring of suppliers' human rights performance is carried out on an ongoing basis through screening processes, specific sustainability assessment, social and sustainability audits, monitoring of alerts and review of corrective measures. Likewise, the effectiveness of the system is evaluated through indicators such as screening coverage, number of suppliers evaluated by higher level of risk, audits carried out, non-conformities detected, agreed action plans and degree of closure of these measures.

The results of these control activities allow feedback on the supplier evaluation model, adjust risk criteria and prioritise actions on categories, geographies and supply chains with the highest exposure.

Purchases from countries with risk from a human rights perspective

Procurement indicators in countries with potential human rights risk reflect potential exposure derived from the combination of country of origin, human rights risk profile, sector of activity, and volume of purchases. Consequently, these indicators do not in themselves imply the existence of actual non-compliance, but constitute a prioritisation tool to strengthen the analysis, contracting, monitoring and, where appropriate, the verifications applicable to suppliers and supply chains with a higher level of exposure.

On an annual basis, Iberdrola analyses purchases made in countries classified as having a high potential risk in terms of human rights, based on a country-risk map prepared and updated by an independent third party. This methodology considers the operational context and the sector of activity, in accordance with the recommendations of the United Nations Global Compact, and incorporates, among other factors, the possible violation of the ILO's fundamental conventions on forced labour, freedom of association and collective bargaining, as well as child labour.

The version updated in 2025 covers the 27 countries from which the Group operates, as well as the 54 countries from which supplies are made. The analysis considers the possible violation of the ILO's fundamental conventions on forced labour, freedom of association and collective bargaining, and child labour exploitation, among others.

The following table details the percentage of purchases by the Iberdrola group in countries classified as high risk. As a result of this update, and unlike previous years, the United States and Mexico have been incorporated among the countries with high potential risk, as an increase in their risk levels has been identified. This methodological change should be taken into account for the purposes of year-on-year comparability.

Countries ^{5,6} considered of risk where purchases have been made ⁷	% of purchases of total
United States	29,09%
Mexico	1,04%
India	0,33%
China	0,28%
Taiwan	0,04%
Türkiye	0,02%
Qatar	0,01%

Taking into account the supplier's country of origin, the assessment of the potential risk of human rights violations, in terms of suppliers' annual turnover, is estimated that:

- 30% of the volume of purchases made in 2025 could be exposed to risks related to freedom of association and collective bargaining (due to the inclusion of the United States and Mexico)
- 0.7% could be exposed to child labour risks;
- 1.3% could be exposed to forced labour risks.

100% of the suppliers in these countries, classified as having a high potential risk, are included in the continuous monitoring processes through screening processes that consider, among other aspects, significant risks and management practices in areas related to human rights, with all those that present a real risk being evaluated.

As an additional mitigation measure for supplier procurement, in those supply categories with greater exposure to severe human rights risks, Iberdrola applies reinforced due diligence measures, including specific contractual requirements, extended traceability, document verification, social and sustainability audits, extension of the analysis to second- and third-tier suppliers, and specific monitoring of corrective plans.

However, in 2025, no contracts with suppliers have been identified in which there have been incidents related to freedom of association, collective bargaining, the use of child labour, or forced or non-consensual labour.

Nor have complaints or communications been received through the company's ethical channels that have resulted in the cancellation of contracts or orders for reasons related to human rights or labour practices.

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

5. Depending on the country of the supplier according to the CIF or Tax Id assigned to the supplier

6. Algeria, the United Arab Emirates, New Zealand and Singapore are also high-risk countries, with purchases in no country exceeding 0.01% of the total

7. The criteria used to identify the countries at risk have been the same as those described in the section "4.1 Information on the materiality assessment process" of the Sustainability Report for the financial year 2025

As part of the Group's due diligence processes, Iberdrola maintains special vigilance over the photovoltaic technology value chain related to allegations of forced labour in Xinjiang (China), linked to polysilicon producers. In line with its human rights commitments, the Company reinforces its traceability mechanisms, continuously identifies and monitors specific risks, and applies enhanced due diligence measures to potentially exposed suppliers. As part of these measures, it was agreed with direct suppliers to include contractual clauses to mitigate risks of Forced Labour or Modern Slavery in supply contracts, the possibility of carrying out social and sustainability audits and reinforcing the traceability of module components to guarantee both their quality and their responsible origin. In 2025, equivalent clauses were incorporated for contracts for energy storage systems and structures for photovoltaic panels of Chinese origin.

In order to improve global traceability, the Company participates in sectoral initiatives and sustainability working groups. The Solar Stewardship Initiative (SSI) stands out, which has developed two specific standards:

- the SSI ESG Standard, which defines the social, environmental and governance requirements to be verified through independent audits;
- and the SSI Supply Chain Traceability Standard, which sets out the requirements for maintaining and auditing traceability systems and moving towards chains of custody in the solar value chain.

In 2025, according to public information from SSI itself, social and sustainability audits were carried out at ten manufacturing sites in China, belonging to five large global manufacturers of photovoltaic modules. The executive reports of these audits are available on the SSI website.

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

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

From an internal perspective, a multidisciplinary working group was created in 2023 to monitor the risk of forced labour in the solar panel supply chain. Its objective is to deepen the assessment of this risk, interpret legislative advances and define measures to strengthen the company's due diligence. In 2024, this tracking was extended to other categories of main equipment such as wind turbines, batteries, inverters, metal structures and solar trackers.

In parallel, the Procurement Division continues in 2026 to contribute to the achievement of the multi-year objective to strengthen the Human Rights and Environmental Due Diligence System in the supply chain. To this end, it is implementing the action plan that includes, among other measures:

- the annual review of the Code of Conduct and the General Conditions of Contract;
- the priority focus on the application of human rights clauses to suppliers with critical supplies or with a higher level of risk;
- strengthening systems for assessing specific human rights risks;
- the expansion of the social and traceability audit system;
- and the updating of the internal procedure for action in the event of the identification of non-conformities.

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

A tour of human rights and your company

Human rights are relevant for companies because, when carrying out their operations, they can impact on the human rights of all their stakeholders.

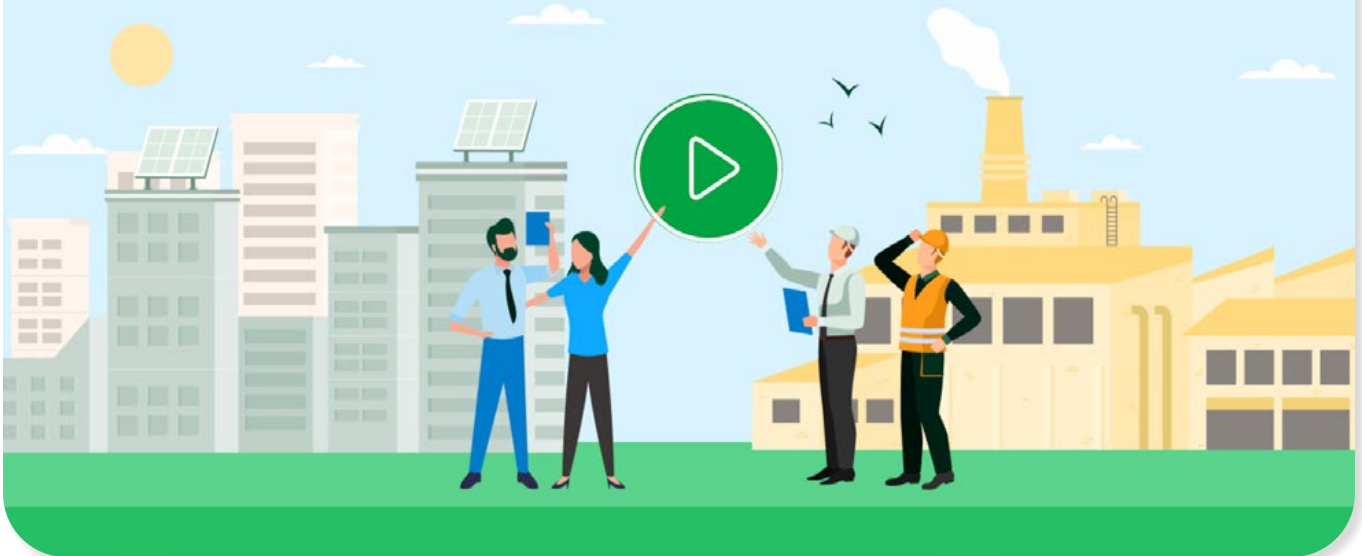
Iberdrola makes an online awareness module on human rights available to its suppliers through its website.

We promote the realization of a virtual tour of awareness for human rights and to share it with your 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**?

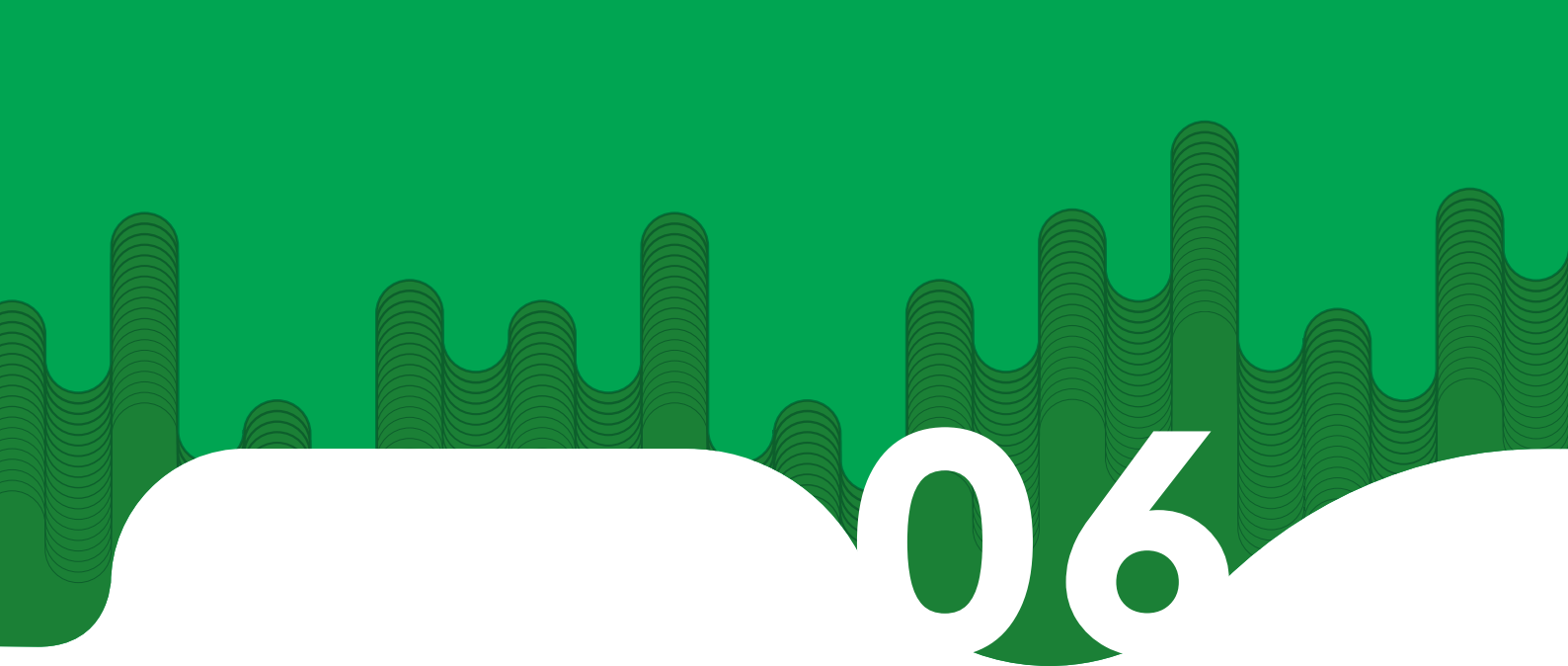


Alignment of Procurement and Supply Chain management with human rights criteria:

Internal mechanisms

External Mechanisms with Suppliers

Purchasing Policy	Promote strict compliance by suppliers with contractual conditions, paying special attention to the principles set out in the Policy on Respect for Human Rights.	Supplier's Code of conduct	Labour practices: respect the protection of fundamental human and labour rights, internationally recognised, within their sphere of influence (forced labour, child labour, etc.). Extension of requirements to subcontractors and the rest of the supplier's supply chain.
Supplier registration and classification	Acceptance the Supplier's Code of conduct . Weighing of their situation in sustainability, labour practices and respect for human rights. Supplier risk analysis on 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 remediation plan in case a supplier has been sanctioned or there are indications of human rights violations in its activities.	Traction campaigns	As a driving force, suppliers are driven in areas of common interest as a vehicle to ensure reliable and responsible behaviour throughout the supply chain.
Annual improvement targets	Annual improvement objectives for the Procurement team linked to variable remuneration directly related to the improvement in terms of sustainable supplier development.	Modern Slavery Act (UK and Australia)	Supplier classification and audit protocols adapted to contractual clauses in significant contracts
Sustainable Development Committee and Plan	The Procurement Department is a member of the Group's Sustainable Development Committee: guidelines, established objectives and associated indicators. Multidisciplinary working group at corporate level for monitoring the risk of forced labour in the supply chain of solar panels.	Sustainability Assessment Model	Specific section to evaluate the provider's performance in terms of compliance and respect for human rights. Social and sustainability audits at the workplaces of selected major suppliers and their subcontractors.
Transparency & Reporting	Indicator of Purchases in risk countries. Infographic Contribution to sustainability. Annual Report on Purchasing and Supplier Management published on the Corporate Website.	Supplier of the Year Award	In this way, promoting the commitment and improvement of suppliers and publicly recognizing those who stand out in their performance.



06

Sustainability in procurement management and in the relationship with suppliers

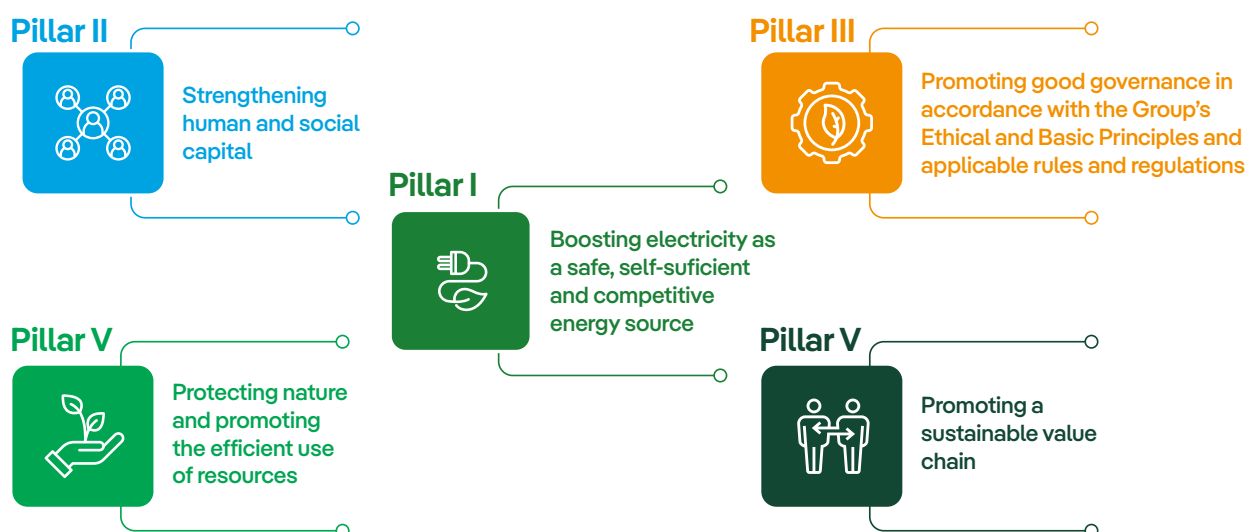
6. Sustainability in procurement management and in the relationship with suppliers

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

Iberdrola identifies its material aspects through a double materiality analysis that assesses impacts, risks and opportunities. In 2025, this analysis has been revised to strengthen the identification of key aspects. In this context, the company defines its sustainability roadmap through its Sustainability Goals, aligned with the creation of sustainable value and the electrification of the energy model.

These goals are articulated around five pillars that integrate environmental, social, governance and financial dimensions, and which are aligned with the Group's Ethical and Basic Principles of Governance and Sustainability updated on 16 December 2025:

- Pillar I: Boosting electricity as a safe, self-sufficient and competitive energy source
- Pillar II: Strengthening human and social capital
- Pillar III: Promoting good governance in accordance with the Group's Ethical and Basic Principles and applicable rules and regulations
- Pillar IV: Protecting nature and promoting the efficient use of resources
- Pillar V: Promoting a sustainable value chain



Iberdrola assumes responsibility for promoting a sustainable value chain and has the capacity to encourage its suppliers to improve their environmental, social and ethical performance, through actions that promote excellence in sustainability management.

For more than 20 years, Iberdrola's Procurement Department has maintained as an objective, linked to the variable remuneration of the team, the improvement of the performance of its suppliers in terms of sustainability. In 2020, this objective was elevated to the category of corporate strategic objective for the period 2020-2023, subsequently increasing its level of ambition for the period 2023-2025.

Long-Term Incentive Plan (LTIP) 2026-2028

On May 29, 2026, the 2026 General Shareholders' Meeting was held in which item 12 of the⁸ agenda establishing the Long-Term Incentive Plan (LTIP) 2026-2028 was approved. This plan is aimed at professionals from the companies of the Iberdrola group and is linked to the Company's performance during the period 2026-2028.

Among the goals defined in the LTIP 2026-2028 is the indicator "*number of suppliers subject to sustainability policies and standards considering the investment strategy*". In this regard, the objective is to ensure that, by 2028, at least 85% of the Iberdrola Group's main suppliers (understood as those with a turnover of more than one million euros) are subject to these policies.

This objective maintains the same level of ambition as that established in the 2023-2025 Strategic Bond, despite the fact that, during the 2026-2028 period, Iberdrola's profile is expected to evolve towards a company with greater weight in regulated businesses, where electricity grids act as the main growth vector.

This transformation entails a change in the supply chain mix, as well as in the timelines associated with procurement processes.

For all these reasons, the existence of a solid, transversal commitment at the highest level of the organization to the development of a sustainable supply chain is confirmed, not only as an element of compliance, but as a key strategic pillar for the creation of long-term value. The link between the 2026-2028 Long-Term Incentive Plan (LTIP) and the degree of extension of sustainability policies and standards in the supplier base reinforces the alignment of the Board of Directors and the rest of the management teams with these objectives, ensuring their effective deployment throughout the organization.

The Board of Directors ultimately oversees compliance with the strategy and the correct implementation of the Sustainability Program with suppliers.

Supervision of the Sustainability Program with suppliers

Iberdrola's supplier management model, integrated into its procurement procedures and processes, incorporates mechanisms and controls aimed at ensuring the effective implementation of sustainability improvement programmes in the supply chain. Likewise, measures have been established to identify, evaluate and mitigate the risks and potential material impacts resulting from supply activities.

In addition to the continuous adaptation of tools and processes for the efficient management of the programme, and the systematic assessment of sustainability risks in order to define and implement corrective measures, the Sustainability Programme with suppliers is subject to periodic review.

The objective of this periodic review is to ensure that the program remains aligned with the needs and expectations of both internally and stakeholders and society in general.

In 2025, the Sustainability Programme with suppliers has been updated, in close coordination with the company's key areas, in order to anticipate and proactively respond to the new European regulatory framework on supply chain sustainability.

⁸ <https://www.iberdrola.com/documents/20125/5614659/jga26-propuestas-acuerdo.pdf#page=46>

This update allows the integration of sustainability criteria with supplier management processes to be reinforced, aligning them with the main regulatory developments, among which the following stand out:

- Corporate Sustainability Reporting Directive (CSRD),
- Carbon Border Adjustment Mechanism (CBAM),
- Corporate Sustainability Due Diligence Directive (CSDDD),
- Regulations for the prohibition of products manufactured with forced labour,

In 2025, the implementation of new areas of action aimed at assessing the risks of second- and third-tier suppliers (Tier 2 and Tier 3) has also begun, particularly in those cases linked to certain first-tier suppliers (Tier 1) with greater potential risk:

- Implementation of the Prewave tool, together with the development of new analysis processes aimed, on the one hand, at identifying the traceability and connections between Tier 1 suppliers of critical equipment and their corresponding Tier 2 and Tier 3 and, on the other, based on these, at detecting risks associated with supply chains beyond the first level.
- Carrying out social and sustainability audits of Tier 2 and Tier 3 suppliers. For this initiative, SEDEX's SMETA social audit standard was chosen, internationally recognized as a reference in the evaluation of social and labour conditions in supply chains.

In this way, Iberdrola reinforces its comprehensive approach to risk management and compliance in the supply chain, improving its ability to anticipate growing regulatory demands and strengthening the resilience, transparency and sustainability of its supplier base.

In short, the Procurement Department assumes responsibility for ensuring that both the review of the Sustainability Programme with suppliers, and the improvements derived from it, based on the criteria approved by the Board of Directors, are effectively implemented in the Iberdrola group's due diligence systems. All this with the aim of ensuring full alignment between the sustainability strategy for the supply chain and the operational management of the Group's purchasing processes.

Results for the 2025 financial year

At the end of 2025, more than 92% of the Group's main suppliers that were awarded in the 2025 financial year met the established criteria, and were subject to sustainable development policies and standards, thus complying with the target of the percentage of sustainable main suppliers.

On the other hand, in 2025, as indicated in the report [Iberdrola group's Consolidated Statement of Non-Financial Information \(NFIS\) and Sustainability Information for the 2025 financial year](#), more than 12,777 million euros have been allocated to suppliers evaluated based on this sustainability model. This amount represents 97% of the total amount awarded to the suppliers that make up the Iberdrola Group's supply chain. Of this amount, 12,430 million euros (more than 94% of the total awarded) corresponded to suppliers that exceeded the established level of sustainability.

Sustainable Supply Chain Indicators 2025	Closing 2025	2025 Goal
Purchases from sustainable suppliers % of total purchases	94,13%	≥ 85%
Percentage of main suppliers subject to sustainable development policies and standards	92,26%	≥ 85%

In addition, in 2025, the sustainability goal aimed at promoting a sustainable value chain has been reformulated for the period 2025-2028, in terms of absolute value awarded to sustainable suppliers. In this context, a record level of allotment is expected to accompany Iberdrola's investment plans, with a total amount awarded estimated at €65,000 million at the end of the period, of which at least €50,000 million will be allocated to sustainable suppliers.

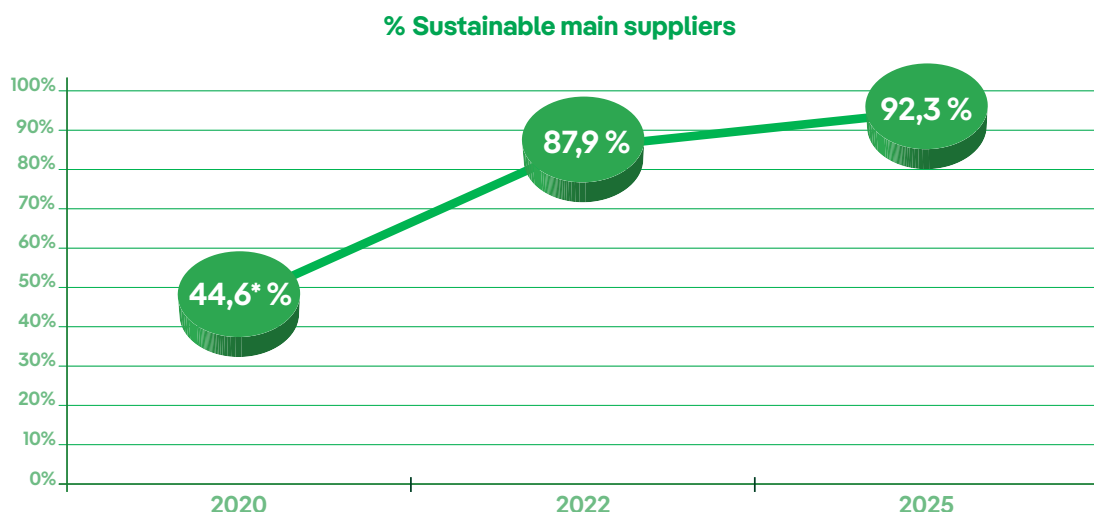
The result of the Supplier Sustainability Programme and the degree of compliance with the indicator finally established for the year 2025, in terms of absolute value of award to sustainable suppliers, and which is included in the report “[Consolidated Statement of Non-Financial Information \(NFIS\) and Sustainability Information](#)”, is shown in the following table:

Sustainable supply chain		METRIC	2025	2028e	2030e
	Sustainable suppliers	Million Euros (cumulative) ⁽¹⁾	12,430	>50,000	-

1) Cumulative value for 2025-28 period: 85% of total purchases (estimated a total > 65 billion euros) .

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

By 2026, improvement objectives have been established throughout the Purchasing Management team related to the percentage of main suppliers so that they achieve these levels of sustainability. The goal for 2026 is to exceed 85% of major suppliers being subject to sustainable development policies and standards and being qualified as sustainable suppliers. This objective has been established at the management level, with a rollout of the objective at the business and country level.



* Data from 2020 based on extrapolating the responses obtained until the end of 2020, the year of the start of supplier on-boarding, which ended in 2021.

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

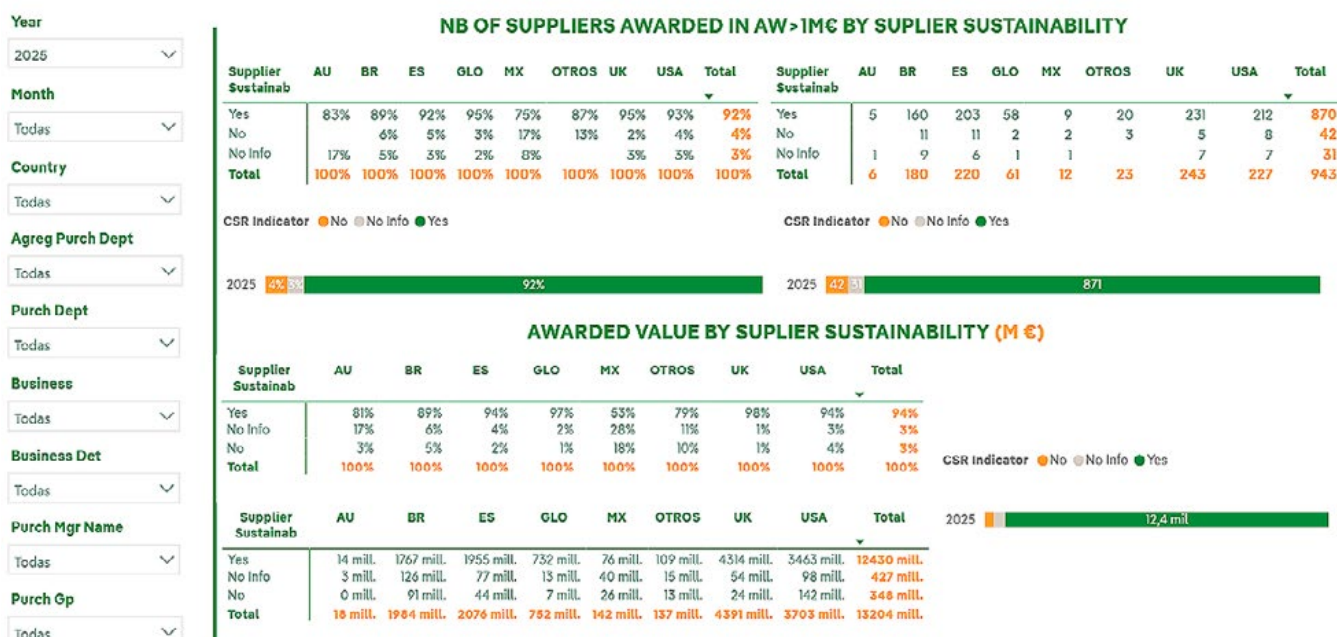
Iberdrola, through the Procurement Division, has tools to monitor and guarantee the effective implementation of suppliers' sustainability programmes.

In order to be able to continuously monitor the number of main suppliers awarded subject to sustainable development policies and standards, a dashboard has been developed internally, with real-time updates. Every day, after the formalization of the awards, the scorecard is automatically updated, and makes it possible to monitor this objective, by business, country and purchasing category, as well as to identify suppliers according to their sustainability profile.

In this way, all purchasing managers are able to quickly view the updated sustainability profile of the suppliers that were awarded. On the other hand, the tool also allows monitoring suppliers that are participating in ongoing tenders.

[Remove Filters](#)
[Suppliers Detail](#)
[Tenders Detail](#)
SUSTAINABILITY OBJECTIVES
Purchasing

Iberdrola



This availability of updated information makes it possible to identify in an agile and accurate way those suppliers that present opportunities for improvement in terms of sustainability and thus facilitating the task of defining, for each supplier, specific, measurable objectives aimed at the continuous improvement of their performance.

Continuous review processes to ensure compliance with the Code of Conduct and sustainability criteria in the procurement process.

Iberdrola, through the Procurement Division, has established processes to ensure the continuous review and correct effective implementation of the Sustainability Programme with suppliers, with the aim of ensuring that operational management is aligned with the Code of Conduct for Director, Professionals and Suppliers, avoiding possible conflicts with sustainability requirements.

The purpose of these processes is to ensure the effectiveness of the Sustainability Programme with suppliers, as well as its alignment with the needs and expectations, both internally and those of stakeholders, including those of society as a whole.

All suppliers participating in tenders for an amount greater than 700,000 euros are analysed in accordance with the Iberdrola group's sustainability assessment model. In addition, other relevant risks are analyzed, such as credit risk, compliance risk, health and safety risk, and cybersecurity.

In those cases where, after the evaluation of a supplier, the level of some of these risks is above the acceptable threshold, or opportunities for improvement are identified aimed at preventing possible breaches of sustainability requirements and with the supplier's Code of Conduct, the corresponding corrective action plan or improvement plan will be agreed with the supplier as a condition for continuity in the procurement process.

To this end, a monthly follow-up is carried out in coordination with the Compliance Unit, reviewing all those cases that present a potential breach of the Supplier's Code of conduct. Those suppliers that, after an initial screening or classification and a subsequent evaluation, present a higher than acceptable level of risk, are managed through the definition of improvement plans, or, where appropriate, specific remediation plans.

In this way, the degree of compliance of the supply chain with the Sustainability Program with suppliers is reinforced.

Prioritisation of sustainable suppliers in the award process

The Iberdrola group has defined as a strategic objective the increase in the percentage of main suppliers that are subject to sustainable development policies and standards and that are classified as sustainable suppliers.

This initiative is a clear signal to encourage the continuous improvement of the sustainability performance of Iberdrola's suppliers, reinforcing the consideration of sustainability as a priority criterion in the procurement process.

During the selection phase of the successful bidder, purchasing manager The Iberdrola group has defined as a strategic objective the increase in the percentage of main suppliers that are subject to sustainable development policies and standards and that are classified as sustainable suppliers.

This initiative is a clear signal to encourage the continuous improvement of the sustainability performance of Iberdrola's suppliers, reinforcing the consideration of sustainability as a priority criterion in the procurement process.

During the selection phase of the successful bidder, purchasing managers incorporate the sustainability evaluation of the different bidders as a key element in the award proposals.

In those cases, in which a supplier does not meet the minimum requirements or has not implemented any of the required improvements within the defined period, it may be excluded from the contracting process, thus losing the possibility of being awarded. s incorporate the sustainability evaluation of the different bidders as a key element in the award proposals.

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Sustainability training of the Procurement team

One of the keys to improving the sustainability of the Group's suppliers in recent years has been the constant effort made by managers in their daily dialogue with suppliers. They have effectively conveyed the requirements and priorities in terms of sustainability and, in certain cases, have also carried out pedagogical work, explaining the elements of the evaluation model and advising on possible lines of action to achieve the required levels of improvement.

To this end, it has been necessary to carry out continuous training for purchasing managers at a global level, with the aim of making known and deepening the fundamental principles associated with the different elements of the sustainability assessment and risk assessment model.

During the current year, the sessions called "Better I tell you" have been continued, on a monthly basis. and aimed at all purchasing managers. These sessions, given in an online format, address new developments related to the Procurement Division, improvements in procurement processes, as well as new requirements to be incorporated. They have delved into key matters, especially sustainability, risk management and mitigation mechanisms.

In turn, in 2025 a training campaign was carried out aimed at recently incorporated purchasing managers in Spain and Australia and will continue in 2026 and will be progressively extended to the rest of the geographies. These sessions aim to reinforce basic knowledge of sustainability and the supplier evaluation model and how to value the integration of sustainability into Iberdrola's strategy. In this way, purchasing managers are trained to convey to suppliers the need to make the necessary efforts to meet Iberdrola's sustainability objectives in the supply chain.

Prewave Tool Training

The project to implement the Prewave tool included the design and execution of a structured training program aimed at ensuring the correct adoption and use of the solution by the Procurement teams.

Various training sessions were organized focused on the operational use of the tool, in which participants were trained in the performance of risk analysis applied to supply chains of critical equipment. These sessions allowed not only to acquire technical knowledge about the platform, but also to understand its practical application in bidding processes, supplier evaluation and decision-making.

Likewise, the training was complemented with the analysis of real use cases, facilitating the interpretation of alerts, the analysis of risk exposures and the identification of possible mitigation actions in complex and multi-level (Tier-N) supply chains.

The sessions were given to the global heads of the different procurement categories and their team members, thus ensuring cross-cutting coverage within the organization and favoring a homogeneous vision in supply chain risk management.

In this way, it has contributed to strengthening internal capacities in terms of due diligence, risk anticipation and supply chain resilience, in line with the Group's strategic sustainability and regulatory compliance objectives.

Human Rights Training

In 2025, Iberdrola provided human rights training to all its employees, including those with responsibilities for supply chain management. In particular, this training was completed by the professionals who make up the Procurement function throughout the Group, contributing to the strengthening of internal capacities to identify, prevent, mitigate and adequately manage the risks and human rights impacts associated with both the supply chain and the relationship with third parties.

The training programme provides a practical introduction to human rights in the business environment, addressing key concepts such as due diligence, corporate responsibility, social impacts and best practices in responsible management. It also reinforces the Company's commitment to respect human rights and the proper management of their potential impacts, including critical aspects such as human trafficking, forced labour and modern slavery.

In addition, the training incorporates specific content on measures for the prevention, mitigation and remediation of adverse impacts, facilitating a better understanding of the responsibilities of the different areas in the effective application of due diligence processes.

This initiative is particularly relevant to the Procurement function in monitoring human rights risks in the supply chain, as it provides criteria and tools to identify and assess risks associated with suppliers, contractors and other third parties, interpret warning signs, strengthen continuous monitoring and contribute to the activation of preventive measures, corrective or escalation when necessary.

In this context, the training of the Procurement function contributes directly to the strengthening of the responsible management of suppliers and contractors, as well as to the systematic integration of sustainability and human rights criteria in the processes of contracting, evaluation, monitoring, auditing and continuous improvement of the supply chain.

Supplier classification and screening processes

Efficiency in supplier management has been consolidated as a vitally important element to promote continuous improvement in the value chain, in addition to generating relevant information that facilitates decision-making in the field of Purchasing.

The global supplier management model is the basis for ensuring a comprehensive and homogeneous corporate approach to responsible supply chain management, regardless of its geographical location, economic activity or the territorial area from which purchases are made, without prejudice to the necessary adaptation to the local requirements applicable to each country.

The Iberdrola group has implemented supplier classification and screening processes with the aim of identifying potentially critical suppliers, in accordance with the different risk criteria established in the Purchasing Policy and Guidelines. In this sense, the following are distinguished:

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

Supplier screening methodology

Below are the automated monitoring and classification criteria and processes implemented by Iberdrola, aimed at identifying and managing risks associated with its global network of suppliers. These processes are aligned with the principles of the Group's Purchasing Policy and respond to risk criteria structured in the following dimensions:

- Relevance or priority of the supplier according to its impact on Iberdrola's activity, considering both the volume of contracting and the criticality of the supply,
- Fraud and corruption risk, assessed through regulatory compliance indicators, sanctions history and internal control mechanisms,
- Supplier sustainability risk that contemplates the potential negative impact on environmental, social, governance and ethical aspects. Specific risk factors are applied to this end:
 - Country or geographical area of operation of the suppliers, taking into account international indices of governance, human rights and institutional stability.
 - Sector of activity: prioritising those industries with the greatest exposure to sustainability risks (e.g. mining, textiles, fossil energy).
 - Nature of the supply by assessing the risk inherent in the equipment, product, main raw material or service provided,
 - History of controversies, linked to inadequate performance in sustainability, especially in social, labour or human rights matters identified through external sources and specialized platforms.
- Cybersecurity risk, which includes assessing the supplier's level of maturity in this area, its ability to protect information, and its exposure to potential incidents and cyberattacks, both in its own systems and in those of those in the supply chain.

Iberdrola has deployed different methodologies to carry out supplier screening and classification processes. Part of these processes are carried out internally by different specialised areas of Iberdrola, through the application of their own criteria and advanced data analysis tools. In addition, external platforms specialized in third-party risk assessment, such as Achilles-GoSupply, Prewave, Refinitiv and LSEG, are used to integrate information from multiple sources and generate early warnings.

In short, the supplier classification and *screening* processes are, among others, the initial step for the identification of potentially critical suppliers, to which more exhaustive assessments, specific audits, improvement plans or remediation plans will be applied, depending on the risk profile, in line with Iberdrola's responsible supply chain management model.

Reinforced initial screening at supplier registration

The Group's Compliance Unit applies a "reinforced screening" to all suppliers that register in the Iberdrola group's purchasing systems. In this screening, suppliers are analysed for fraud and corruption, as well as their parent companies and/or subsidiaries, managers and shareholders.

This analysis is performed in the initial registration process of the provider. prior to the supplier being invited to any bidding process.

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

- Linkage with countries considered by the compliance function to be at higher-than-normal risk level
- International sanctions
- Adverse news or incidents regarding:
 - Human rights
 - Modern slavery and child labour
 - Corruption and bribery
 - Anti-competitive. Practices
 - Environment
 - Other irregularities and illegal conduct
- Links with persons with public responsibility or in public entities

Based on this analysis, the compliance function rates the risk of fraud and corruption of suppliers and debtors by recording this classification in corporate systems:

- If the risk is considered **higher than normal**, the compliance function goes on to monitor all the transactions that are intended to be formalized with that third party.
- Third parties (suppliers and debtors) considered to be at **critical risk of fraud and corruption** are blocked in the systems, which prevents the formalization of any transaction or payment in relation to them, which means that they will not be able to participate in purchasing processes.

As indicated in [Transparency Report on the Compliance Systems of the Iberdrola Group companies in 2025](#), published in April 2026, 4,856 third-party evaluations (suppliers and debtors) were carried out through this process.

Daily screening

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

The external service monitors this process and in the event of any news about any of the Group's suppliers or third parties, it will automatically send an alert to the competent compliance function, which immediately analyses it to update the risk assessment of said supplier.

Based on this analysis, the compliance function qualifies the risk of fraud and corruption of suppliers and this classification is incorporated as an indicator of the supplier in corporate management systems, including Procurement platforms.

Supplier's classification by relevance or priority of the supplier to the Group

Iberdrola has an automated system that makes the supplier classification process more efficient, by assigning priority levels. In this way, it is possible to optimize the management of the analysis of the risk profile of suppliers.

The prioritisation process is based on the level of engagement maintained with each supplier at any given time, taking into account both their activity and participation in the tenders to which they are invited. Suppliers with active contracts are also considered. This approach enables resources to be focused on assessing those suppliers with whom the Group maintains an existing relationship and where there is a potential for future business, thereby maximising the effectiveness of the sustainability assessment process.

This classification process forms the basis for subsequently determining which suppliers should be evaluated based on their level of relevance and priority. It also makes it possible to differentiate between the different groups of suppliers that interact with Iberdrola:

- Potential suppliers who aspire to work with Iberdrola,
- Suppliers who are participating in a tender,
- Suppliers awarded a contract or framework agreement for the supply of equipment and materials or for the performance of works and services,
- Suppliers with contracts in force for the provision of services inside and/or outside Iberdrola workplaces,

In this way, it is possible to standardize the classification levels, with the aim of streamlining the supplier evaluation process.

In general terms, suppliers with a higher level of risk are considered to be those suppliers who have participated in a tender for an amount equal to or greater than 700,000 euros and may be potential awardees.

Cybersecurity risk supplier screening

Iberdrola applies a methodology to mitigate cybersecurity and data protection risks in the selection process of the suppliers to be contracted. This methodology consists of evaluating, in advance, the degree of maturity of the suppliers in the management of cybersecurity and data protection risks.

The requesting organisations, together with the cybersecurity and data protection managers of the Group's businesses, are responsible, for each procurement process, for carrying out the assessment of the implicit risk associated with the scope to be contracted and for proposing the risk mitigation measures to be applied in each case.

Those suppliers that participate in bidding processes and that, after the evaluation of the scope, are identified as having a high or critical risk in cybersecurity and data protection, must undergo a specific evaluation to obtain their score, called "Cybersecurity Score", which reflects their level of maturity in the matter. Likewise, the tender will include a series of contractual annexes aimed at minimizing these risks and that must be negotiated with the supplier and incorporated into the corresponding orders or contracts.

In order to improve the efficiency of this supplier classification process, an automated process has been designed and implemented through which new suppliers participating in classified tenders with high or critical risk in cybersecurity and data protection are identified on a daily basis. After this identification or screening, the system automatically sends a request to the supplier risk management platform, through which suppliers are invited to complete the corresponding cybersecurity and data protection assessment.

Tier-n supplier screening

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 risk assessment beyond the level of direct suppliers (Tier-I).

Traditionally, responsibility for managing the behaviour of subsequent levels of the supply chain rested with direct suppliers. This responsibility was reinforced by the conditions established in the Code of Conduct for Directors, Professionals and Suppliers and in the general conditions of contract.

The Iberdrola group's supplier sustainability assessment model includes mechanisms to identify how they manage their own supply chains and their relationships with third parties. Suppliers must declare if they have any of the following elements:

- Mechanisms for evaluating the ethical integrity of the third parties with whom it relates.
- Specific clauses in anti-corruption and business ethics or other means to transfer these commitments to third parties.
- Ethical channels so that their own suppliers can report potentially irregular conduct or conduct contrary to the law or internal regulations.
- Specific clauses on respect for human rights in all areas of activity, including the possibility of contractual termination in the event of violations.

- Supplier classification and evaluation system in terms of sustainability.
- Carrying out social and sustainability audits of its main suppliers.

In 2025, Iberdrola has started the implementation of the Prewave tool, which uses artificial intelligence to collect information from multiple public sources in different languages (news, social networks, official data, customs information). This platform allows you to detect and alert preventively about possible breaches or disruptions, facilitating the real-time analysis of events and data.

Likewise, analysis processes have been defined, through the use of this tool, aimed, on the one hand, at establishing connections between Tier 1 suppliers and their corresponding Tier 2 and Tier 3 and, on the other, at identifying the risks associated with the supply chains of critical equipment beyond the direct supplier.

The main objective is to improve visibility and information on risks in a centralized and structured way, especially in relation to potentially critical Tier-1 suppliers and their respective supply chains. All this contributes to strengthening the due diligence system in the field of human rights and the environment, as well as to anticipating and guaranteeing compliance with the next regulatory developments in this area.

Supplier Sustainability evaluation

The sustainability of the supply chain is a fundamental pillar for Iberdrola. It responds both to corporate responsibility, deeply rooted in the Group's values and identity, and to the growing expectations and demands of the main stakeholders.

By systematically integrating sustainability criteria throughout its supply chain, Iberdrola contributes to the development of the communities in which it operates and strengthens its differential positioning in the market.

To this end, Iberdrola has defined several specific criteria for the assessment of the sustainability profile of its direct suppliers. Thus, 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 euros, or when it is identified that it presents a higher than normal level of risk, usually through the classification and screening processes, it will be automatically invited to register on the Achilles-GoSupply platform. in the **360° level modality**, with the aim of obtaining a complete evaluation of their risk profile.

This assessment is carried out at an early stage of the procurement process and, once the results are obtained, allows the purchasing manager to identify areas where it is necessary to implement measures to improve its supplier performance or mitigate risk.

For tenders with an amount of less than 700,000 euros, or in cases where no potential risk is detected, participating suppliers will also be evaluated through Achilles-GoSupply in the **Basic modality**.

360° Sustainability Supplier Assessment in GoSupply

Iberdrola's Procurement Department has designed its own model to evaluate the positioning and performance of each main supplier around the three fundamental axes of Sustainability: environmental, social and governance (ethics and compliance), in line with the principles established in our Code of Conduct for Director, Professionals and Suppliers. The evaluation incorporates aspects with a high traction, such as the identification of objectives linked to sustainable development, the management of risks derived from climate change, the circular economy strategy, human rights due diligence, among others.

This model has been agreed with the main internal stakeholders: Corporate Sustainability, Compliance, Innovation, Environment and Quality Divisions and, in addition, it was validated by Forética, an external entity specialising in compliance and sustainability.

In order to share this model with our suppliers and other stakeholders, a specific infographic has been developed available on our website (Supplier Sustainability Assessment (https://www.iberdrola.com/documents/20125/42205/Supplier_Sustainability_Assessment_Model.pdf)).



Supply Chain Sustainability Assessment Model



Why is supply chain sustainability important to Iberdrola?

85%

SPECIFIC TARGET FOR 2026-2028

Supply chain sustainability is a core value for Iberdrola. It responds both to increasing expectations and assessments from key stakeholders (including shareholders, regulators, financial institutions and customers) and to Iberdrola's own sense of corporate responsibility, which is deeply embedded in the Group's values and identity. By integrating sustainability criteria across its supply chain, Iberdrola contributes to the development of the communities in which it operates and reinforces its ability to positively differentiate itself in the market.

The Iberdrola group has established a clear objective for the evolution of its supply chain sustainability management: **by 2028, at least 85% of its main* suppliers must be subject to sustainable development policies and standards.**

*Group's main suppliers are defined as those awarded more than one million euros during the year. In 2025, main suppliers accounted for more than 95% of the total awarded volume, reinforcing the strategic relevance of this objective within Iberdrola's supply chain.

How do we do it?

Iberdrola manages supply chain sustainability through a **structured and integrated assessment process.**

The Supply Chain Sustainability Assessment Model is applied through a **global digital platform that enables the systematic measurement of sustainability performance.** The results of this assessment are integrated into procurement decision-making processes and are regularly updated.

When suppliers do not reach the required sustainability standards, improvement plans are defined and monitored in order to support their progression towards acceptable levels of performance.

1

MODEL



2

PLATFORM



3

MEASUREMENT



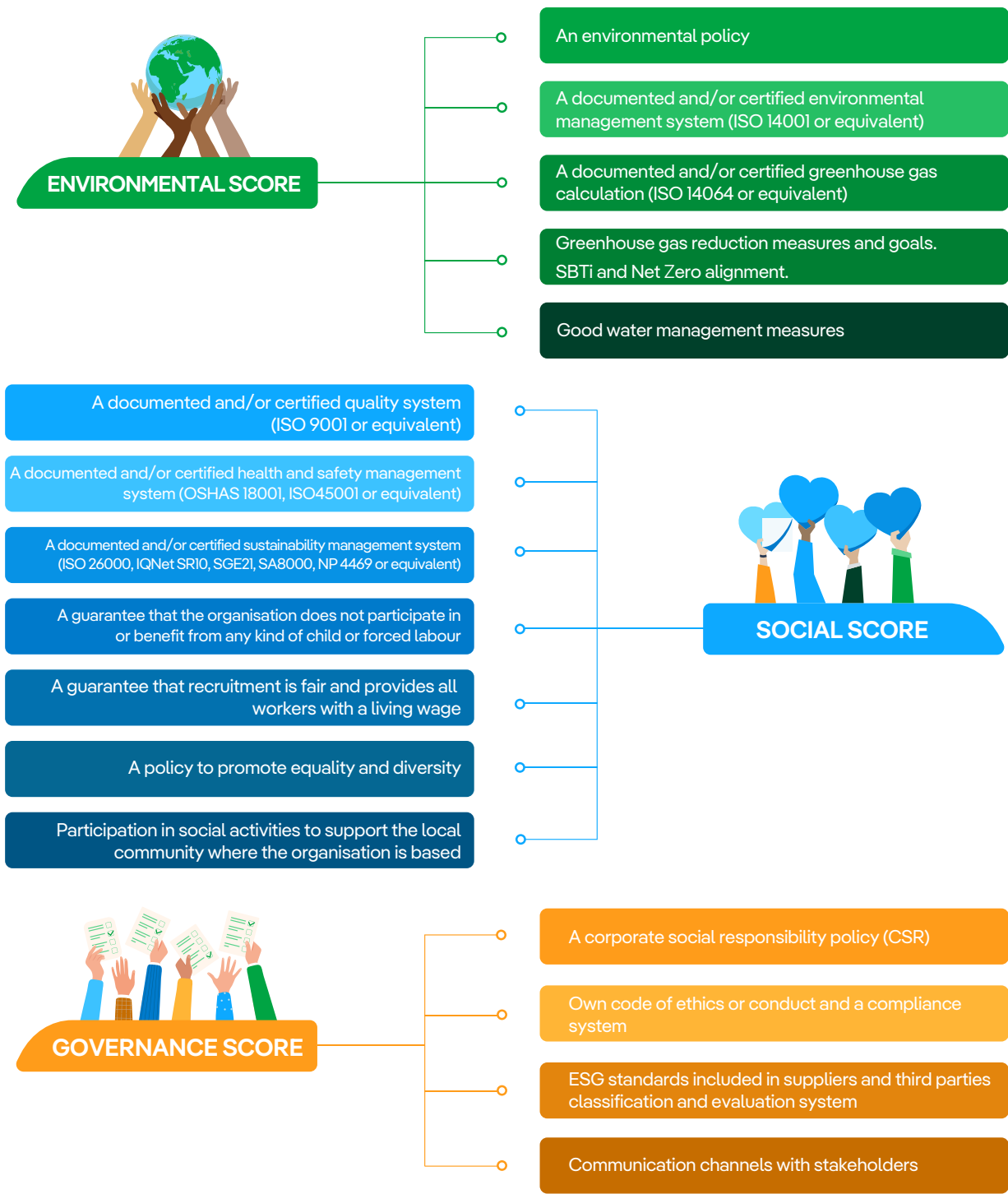
INTEGRATED IN
PROCUREMENT
DECISION-MAKING



IMPROVEMENT PLANS

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

Examples of ESG factors assessed



PLATFORMS

We have been using the **Achilles-GoSupply** cloud solution since 2020 as our system for the classification and measurement of suppliers' risks and sustainability.

Each supplier's sustainability score is calculated based on information supplied by the suppliers themselves and third parties. In 2006 we have integrated the **PREWAVE** cloud solution to identify Tier-N suppliers of our critical main suppliers and to evaluate their supply chain risks.

UPDATE

The results of the Supply Chain Sustainability Assessment Model are periodically reviewed and updated to reflect changes in suppliers' sustainability performance.



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 2028.

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

E ≥ 30% **S** ≥ 30% **G** ≥ 30%

INTEGRATION IN PROCUREMENT DECISION-MAKING

Our suppliers' Sustainability 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 must complete a questionnaire on the Achilles-GoSupply platform requesting, among other things, information and evidence of its policies, certification of its management systems, practices, performance and public disclosures on sustainability. This information is then reviewed and verified by Achilles-GoSupply. As a result of this process, a score is obtained that represents the supplier's level of sustainability performance. This process includes systematic verification of compliance, specifications, and established requirements.

In the three dimensions on which the analysis is carried out (environmental, social and governance), the following information is assessed:



After the analysis, suppliers are classified into two levels: “adequate”, if their score exceeds 51 points out of a possible 100 and at least 30% of the points in each of the ESG axes, and “inadequate” in the rest of the cases.

Social and sustainability audits of Tier-1 suppliers

Iberdrola has its own protocol for carrying out social and sustainability audits of suppliers, in order to verify compliance with the Group's sustainability criteria and to directly verify, at the suppliers' facilities, the validity of the information previously registered in the supplier classification system.

The audit process includes an initial preparation phase, followed by remote interviews with the supplier's representatives, and finally an audit at your facility. Previously, the auditors analyze the supplier's profile, as well as its policies, management systems and sustainability performance. The site visit involves reviewing

documentation and records, conducting site tours, and conducting interviews with company representatives, employees, and other stakeholders.

This process is carried out by specialized external auditors, whose profile is as follows:

- Local auditors to ensure the effectiveness of audits. This aspect is especially relevant, as confidential interviews are conducted with employees in their native language.
- A global university degree.
- Experience as an auditor or consultant of at least 7 years in the disciplines of quality, environment, health and safety, sustainability and corporate social responsibility.
- English language proficiency for global client audits.
- Internationally recognised certifications such as IRCA, IEMA or NEBOSH are positively valued.
- A degree in occupational risk prevention or equivalent is positively valued.

In 2025, as stated in the indicated in the report [Iberdrola group's Consolidated Statement of Non-Financial Information \(NFIS\) and Sustainability Information for the 2025 financial year](#), a total of 42 social and sustainability audits were carried out on main suppliers, both in the geographical areas where the Group is present and in countries where the acquired equipments are produced.

The audits carried out have made it possible to verify in situ the good practices previously declared by the suppliers, the degree of implementation of the action plans, as well as the opportunities for improvement identified, with minimal deviations detected.

Risk assessment for Tier-n suppliers

Likewise, as part of the actions to strengthen the due diligence system in the supply chain, a pilot was carried out in 2025 to assess the social and sustainability risk of four subcontractors (Tier-2 and Tier-3) of a potential supplier of main equipment of Chinese origin, with which the Group had no previous business relationship. The pilot consisted of four audits in accordance with the SEDEX SMETA standard, the results of which were satisfactory. This milestone represents a significant step forward in the risk mitigation strategy, helping to ensure that a new supplier's supply chain complies with the Group's human rights and environmental standards.

On the other hand, as indicated above, Iberdrola participates in the Solar Stewardship Initiative (SSI), which has developed two specific auditing standards: the SSI ESG Standard and the SSI Supply Chain Traceability Standard. As part of this initiative, in 2025, social and traceability audits were carried out at ten manufacturing sites in China, belonging to five large global manufacturers of photovoltaic modules. Some of the audited suppliers correspond to Tier-2 and Tier-3 suppliers in Iberdrola's supply chain.

After reviewing the executive reports of these audits, available on the SSI website, it is confirmed that this initiative constitutes a relevant collective effort in the advancement of due diligence in the supply chain of the photovoltaic sector and that its results contribute to improving transparency, strengthening traceability mechanisms and promoting homogeneous standards of compliance in social and environmental matters throughout the value chain.

Supplier Development

Iberdrola has implemented a structured supplier development framework aimed at strengthening its sustainability performance, through a progressive approach that combines information, benchmarking, targeted support and long-term capacity building initiatives.

Suppliers systematically receive information on Iberdrola's Sustainability programme, including the reinforcement of the dissemination of the principles of the Supplier's Code of conduct, information and criteria on the assessment methodology and the main sustainability requirements. Communication initiatives are sent through different channels and cover a wide variety of sustainability aspects, as well as good practices aimed at facilitating alignment with the Group's sustainability standards.

Likewise, suppliers are provided with visibility on references of their sustainability performance, including benchmarks of results and examples of good practices. This approach allows suppliers to assess their relative positioning and encourages continuous improvement through greater transparency and knowledge of leading practices.

Following social and sustainability assessments and audits, suppliers in which areas for improvement are identified receive support and proposals for the implementation of improvement plans and corrective action plans. Iberdrola provides technical guidance, both remotely and through on-site visits when necessary, in order to ensure the correct execution, monitoring and closure of the identified actions, promoting measurable and sustained improvements.

For suppliers with identified potential risks, Iberdrola, in collaboration with different entities, has promoted various initiatives aimed at capacity building to systematically improve the practices and performance of suppliers in specific areas of sustainability. These programs have an impact on key aspects such as environmental management, health and safety or social practices, human rights due diligence and compliance. They are implemented over extended periods to ensure a lasting impact. Corrective actions go beyond support, as they are aimed at strengthening the internal capacities of suppliers and allowing autonomous and continuous management of sustainability risks.

During this period, the programmes initiated in previous years have been continued, mainly focused on sustainability training and collaboration with suppliers to calculate and reduce their carbon footprint, including:

- Participation in the IV edition of the Sustainable Suppliers training program
- Training program “Sustainability for CEOs and managers” for SMEs
- Support in the development of decarbonisation plans
- [Emissions Calculator](#)

Some of these programs go beyond support for corrective actions and are usually medium-term programs, which require time to implement and obtain results.

These initiatives are a commitment to develop long-term capacities and knowledge with the aim of improving sustainability performance.

Through this multi-level approach, Iberdrola promotes a model of continuous improvement in its supply chain, contributing to greater resilience, regulatory compliance and alignment with its objectives.

Supplier access to their sustainability rating, opportunities for improvement and comparison with their peers

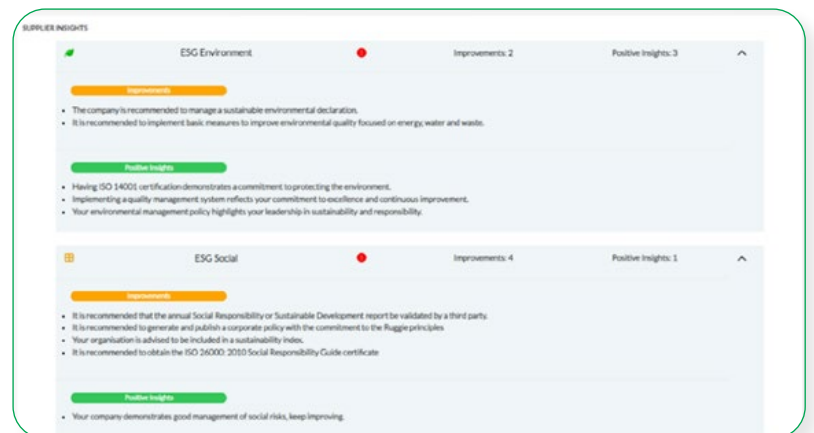
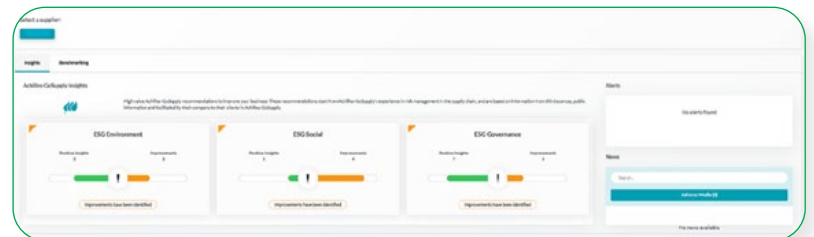
Suppliers evaluated on the Achilles-GoSupply platform have access to the result of the sustainability assessment carried out based on the Iberdrola model at all times.

Through the INSIGHTS functionality, suppliers can not only consult their sustainability score, but also clearly identify the aspects in which their performance is positively valued, as well as those areas in which Iberdrola detects opportunities for improvement, allowing them to effectively guide their action plans.

This functionality is also available to Iberdrola's purchasing managers, who can easily view a structured summary of the supplier's performance in each of the sustainability axes, including strengths, areas for improvement and specific recommendations.

In addition, through the BENCHMARKING functionality, both suppliers and purchasing managers can analyse the relative positioning of the supplier compared to the rest of Iberdrola's suppliers, depending on the category of product, equipment or service. This comparison facilitates the identification of performance gaps and allows contextualizing the results obtained against your competitors.

With this high level of visibility and transparency of the supplier's sustainability performance, including comparisons with other suppliers in its category and the specific proposal of personalized improvement opportunities, it is an excellent starting point to start the dialogue with the supplier. It also allows this dialogue to be guided in a direct and objective way, based on up-to-date information, facilitating the identification of strengths and priority areas for improvement, and supporting more informed decision-making.



Indicators for supplier classification and screening, supplier evaluation and Sustainability capacity building

Supplier classification and screening indicators

Based on the results obtained through the classification and screening processes, potentially critical suppliers are identified, either because of the level of relevance or priority in their relationship with Iberdrola, or because they present a higher than normal level of risk.

In accordance with the report [Iberdrola group's Consolidated Statement of Non-Financial Information \(NFIS\) and Sustainability Information for the 2025 financial year](#), verified by KPMG Auditores, S.L., the main quantitative indicators related to suppliers identified as potentially critical in the classification and screening processes are presented below:

Supplier classification and screening	2025	2024	2023
Total number of Tier 1 providers	21.299	18.769	18.711
Number of Potentially Critical Tier 1 Suppliers ⁹	1.726	1.597	1.507
% of spend on potentially critical suppliers in Tier 1	92,8%	92,8%	93,44%
Number of NON-Tier 1 Potentially Critical Suppliers	36	0	0
Total number of potentially critical suppliers	1.762	1.597	1.507

As a novelty for 2025, with the implementation of the Prewave tool, additional screening processes were carried out on relevant suppliers in several of the purchasing categories. As a result, 36 Tier 2 and Tier 3 suppliers were identified whose risk profile was classified as potentially critical in terms of sustainability.

During 2026, it is planned to carry out the corresponding individualised assessments on these suppliers, in order to validate their level of risk and define the appropriate management measures.

Supplier evaluation indicators

The assessment of the sustainability risks of the Iberdrola group's potentially critical suppliers is mainly carried out through the Achilles-GoSupply platform.

As stated in the document "[Consolidated Statement of Non-Financial Information \(NFIS\) and Sustainability Information](#)", the following table presents the main quantitative indicators relating to the suppliers identified as potentially critical, the suppliers evaluated, as well as those in which potential or actual impacts have been detected and have required the implementation of improvement plans or measures corrective or mitigation:

Supplier Evaluation	2025	2024	2023
Total number of potentially critical suppliers	1.762	1.597	1.507
Number of suppliers classified as potentially critical and that have been assessed, mainly through the Achilles-GoSupply and Prewave platforms or through on-site audit processes	1.618	1.524	1.441
% Suppliers classified as potentially critical assessed	91,83%	95,43%	95,62%
Number of suppliers classified as potentially critical, and that have been evaluated with potential or actual impact	383	288	265

⁹ Considering that a Tier 1 supplier is any supplier awarded an order during the financial year

Supplier Evaluation	2025	2024	2023
Number of suppliers classified as potentially critical, and who have been assessed with potential or actual impact, and who have a plan to improve their performance or have taken corrective or mitigation measures	383	288	265
Number of suppliers classified as potentially critical, and who have been assessed as having potential or actual impact, and who, having taken corrective or mitigation measures, have finally had their contractual relationship terminated	0	3	2

Indicators of suppliers with improvement plans or with corrective or mitigation measures

After the evaluation processes, it is concluded that, in 2025, a total of 383 suppliers were identified with potential or actual impact, requiring the adoption of improvement plans or corrective measures to mitigate their level of risk in terms of sustainability:

- Improvement plans: during the year, proposals for improvement plans were sent to 229 suppliers who, after the evaluation of their sustainability profile, did not reach the established minimums. As a result of this initiative, and after the joint definition of specific lines of action, more than 60% of these suppliers improved their performance, being qualified as sustainable suppliers.
- Corrective or mitigation measures: after evaluation, a total of 154 suppliers were classified as critical risk, when identifying potential relevant impacts. 100% of these cases were handled in accordance with the Guide to Supplier Action and Sanctions in the event of the potential existence of practices contrary to the Supplier's Code of conduct. Finally, 22 suppliers were subject to sanctions, without it being necessary to terminate the contractual relationship with any of them in 2025.

Suppliers evaluated with potential or actual impact with an improvement plan or with corrective or mitigation measures	2025	2024	2023
Number of suppliers with an agreed improvement plan	229	141	170
Number of suppliers with corrective or mitigation measures implemented without penalty and without contractual termination	132	127	74
Number of suppliers with corrective mitigation measures implemented and who have been sanctioned.	22	17	19
Number of suppliers with corrective or mitigation measures implemented and whose contractual relationship has finally been terminated	0	3	2
Total	383	288	265

It should be noted that these corrective measures have a double purpose: on the one hand, to mitigate and, where appropriate, remedy the breaches of the Supplier's Code of conduct detected; and, on the other, to prevent their recurrence by implementing structural improvements in the management of sustainability risks.

Supplier Capacity Development Indicators

In this period, a total of 903 suppliers have been included in these supplier development programmes, in line with those of previous years.

Supplier Development	2025	2024	2023
Number of suppliers included in supplier development programmes	903	920	852

Sustainability improvement plan proposals for suppliers

Iberdrola takes a proactive approach to managing the sustainability of its supply chain, acting as a driving force to drive continuous improvement in the performance of its suppliers. In this sense, those suppliers that meet the technical and economic requirements are offered the possibility of evolving in terms of sustainability, facilitating their alignment with the Group's standards.

To this end, Iberdrola prepares and transfers proposals for personalised improvement plans aimed at those suppliers whose evaluation does not reach the required levels of sustainability, with the aim of strengthening their positioning and consolidating long-term collaborative relationships.

Improvement plan proposal excerpt

Suppliers who do not reach the minimum established thresholds are sent a specific sustainability improvement plan, in which the main areas for improvement are identified and specific actions are defined. This plan is agreed with the supplier, including a specific deadline for the implementation of the measures and the achievement of results.

Improvement plan request:

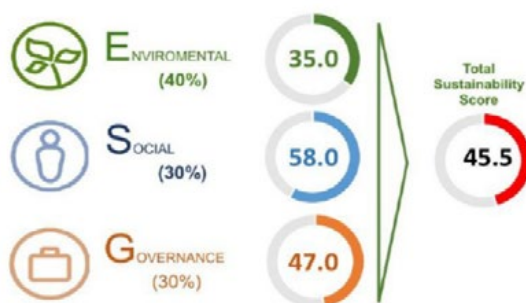
Dear supplier,

The purpose of this communication is to inform

of the outcome of its sustainability assessment, to outline the main areas for improvement identified, and to request the development and implementation of a **dedicated sustainability improvement plan**. This plan should include clearly defined commitments, responsibilities and timelines, as well as documented commitments for the measurement of your carbon footprint and the reduction of emissions in the short and medium term.

The **Iberdrola group** is firmly committed to **conducting its activities** in a **sustainable manner**, integrating environmental, social and good governance criteria across all corporate processes. **Collaboration with the supply chain**, and in particular with main suppliers, is essential to jointly advance towards these objectives, given their strategic role in the development of the Group's activities.

Based on our assessment model, has obtained a score of **45.5 points**, with the following breakdown:



This result is **below** the level that the **Iberdrola Group** considers appropriate to ensure that a supplier can continue to be regarded as a **main supplier** in the medium term. We therefore **encourage** you to **analyse** the areas for improvement identified, with the aim of defining actions that **lead** to an **enhanced sustainability performance**.

It should be noted that, by 2025, the objectives related to the increase in the volume of purchases from main suppliers assessed as "adequate" have been met, as well as the establishment and monitoring of improvement plans aimed at those suppliers that did not reach the minimum levels of sustainability established by Iberdrola at the time of their award.

In aggregate terms, during the period 2020-2025, proposals for improvement plans have been submitted to more than 1,450 suppliers of the Group, of which more than 66% have managed to improve their sustainability performance to reach the “adequate” level.

This model not only encourages suppliers to improve their sustainability profile by implementing actions aimed at excellence in management, but, through quantifiable objectives, the Purchasing Management team is encouraged to prioritize the selection of those companies that demonstrate a solid performance in sustainability or acquire clear commitments to improvement during the process.

Emissions associated with the supply chain

Iberdrola's [Climate Action Plan](#) sets out a roadmap with the aspiration of achieving CO₂eq neutrality by scope 1 by 2030, as well as net zero CO₂eq emissions by 2040 in all scopes. This Plan defines the levers and actions necessary to achieve it, aimed at promoting the electrification of the economy as a whole

As part of its firm commitment to the fight against climate change, Iberdrola extends these objectives to its supply chain, actively promoting the involvement of its suppliers in reducing emissions. In this regard, suppliers are encouraged to document their measurement processes, as well as to establish targets and action plans aimed at reducing CO₂eq emissions in the supply chain.

Suppliers' emissions are obtained through regular environmental awareness campaigns, and through their registration by suppliers on the Achilles-GoSupply platform.

This initiative aims to help suppliers strengthen their capacity to manage, control and reduce greenhouse gas (GHG) emissions, as well as to integrate the risks arising from climate change into the management of their activities.

The following table presents the scope 3 emissions associated with the supply chain, according to the information declared in Iberdrola's 2025 Sustainability Report:

EMISSIONS ASSOCIATED WITH THE SUMINISTRO 6 CHAIN	Scope 3 emissions (tCO ₂ eq)
2025	3,393,010
2024	3,730,938****
2023	2,944,448***
2022	3,422,571
2021	5,250,951**
2020	5,250,951*

* In 2020, the method of calculation was modified. Until 2019, a factor per country was used for the calculation of emissions, while in 2020 an average factor has been used. This means that the data for 2019 compared to the values of subsequent years are not comparable.

** In 2021, an annual review and update of the emission factors has implied a reduction in values in the United States and Brazil. The emission factors used in the calculation of each of these emissions are obtained from official sources. Learn more about scope 1, 2 and 3 emissions in the Greenhouse Gas (GHG) Report audited annually under ISO 14064-2018.

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

**** In 2025, the emissions corresponding to Iberdrola Mexico have not been considered, so the emissions for 2024 are adjusted by deducting 74,676.51 tCO₂e from the value declared in the previous year (3,469,985 tCO₂eq).

In addition, within the framework of these campaigns, suppliers are offered the opportunity to share the environmental projects they are developing, as well as to identify and promote, together with Iberdrola, new collaborative initiatives in this area.

SteelZero membership

Iberdrola is part of the international *SteelZero* initiative, led by Climate Group in collaboration with Responsible Steel, with the aim of actively contributing to the decarbonisation of the steel sector.

Iberdrola remains committed to progressively incorporating sustainable or low-emission steel into its future projects. To this end, the Group adheres to the ambitious target of specifying 50% low-emission steel in its projects by 2030, moving towards the use of net-zero steel by 2050.

Iberdrola's participation in this alliance contributes to sending a clear and solid signal of demand to the market, driving the transformation of global policies and practices towards more responsible and sustainable steel production and sourcing.



From a technological point of view, the decarbonisation of steelmaking is feasible, with solutions such as direct electrification or the use of green hydrogen. Although these alternatives have not yet fully achieved the necessary economies of scale, it is expected that, with adequate levels of demand and incentives that facilitate the required investments, green steel will achieve greater competitiveness, generating benefits along the entire value chain. In line with this commitment, Iberdrola actively encourages its main suppliers to also adopt equivalent targets and adhere to sectoral initiatives of this nature, thus reinforcing the Group's driving effect on the decarbonisation of its supply chain.

First Movers Coalition membership

Iberdrola also participates in the First Movers Coalition (FMC) with the aim of helping to accelerate the decarbonisation of hard-to-abate sectors and promoting the development and adoption of low-carbon materials, such as green steel. The company was the first Spanish company to join and has made a commitment that, by 2030, at least 10% of its annual steel purchases will correspond to near-zero steel.

The *FMC*, led by the World Economic Forum, already has more than a hundred companies committed to creating new markets for clean and innovative technologies, whose scalability is essential for the energy transition and the goal of achieving climate neutrality by 2050.



Through these demand commitments, participating companies contribute to generating clear market signals that facilitate investment in decarbonised industrial solutions.

This commitment aligns with and reinforces other initiatives previously signed by Iberdrola, such as SteelZero, consolidating a coherent and progressive approach towards the decarbonisation of the supply chain. Together, these initiatives allow the company to advance in the integration of climate criteria in its purchasing decisions, promoting the development of sustainable materials markets and contributing to the reduction of emissions throughout the life cycle of assets.

Alignment of Procurement and Supply Chain management with Environmental and Sustainability Principles

The following table provides a summary of the main existing mechanisms for the alignment of Purchasing and supplier management with respect for the environment and sustainability:

Internal mechanisms		External Mechanisms with Suppliers	
Purchasing Policy	It includes principles relating to the environment that are required of suppliers and to responsible sustainable management in the supply chain of the Iberdrola group	Supplier's Code of conduct(Supplier Clauses)	It incorporates principles in environmental matters. It must be accepted by the Group's suppliers and is annexed to orders and contracts
Supplier Registration and Classification	Having an environmental certification is weighted in the overall assessment of the supplier. 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
Bidding Process	In the ITEO phase (evaluation of bids) and in the PA (award proposal) the environmental assessment of the supplier is included for the procurement to be carried out	Traction campaigns	As a driving force, we proactively promote the environmental certifications of suppliers, supporting them in the search for excellence and generating a multiplier effect
Annual improvement goals	Innovative aspect: established annual improvement objectives for the Procurement team linked to variable remuneration directly related to the improvement in supplier sustainability	Carbon footprint measurement	Periodic campaign to measure greenhouse gases in suppliers
Global environmental system	The Procurement Division is part of Iberdrola's Global Environmental System Committee: monitoring, environmental guidelines, established objectives and associated indicators. Audits	Sustainability Assessment Model	It includes environmental aspects: biodiversity, circular economy, risks, climate change. Evaluate suppliers by quantifying their relative position based on the management they carry out
Transparency & Reporting	Indicator of Purchases in risk countries Infographic Contribution to sustainability. Annual Report on Purchasing and Supplier Management published on the Corporate Website	Supplier of the Year Award	In this way, promoting the commitment and improvement of suppliers and publicly recognizing those who stand out in their environmental performance



07

Supply chain risk management

7. Supply chain risk management

Supplier Financial Risk (SFR)

In order to minimise the potential adverse impacts on Iberdrola arising from suppliers' failure to fulfil their contractual commitments as a consequence of their financial and economic situation, including economic, reputational and regulatory impacts, the Group has implemented a financial risk management system for its key suppliers, under the responsibility of the Procurement Department.

Under this framework, the Group's main potential and current suppliers are assessed and classified according to their credit quality, the criticality of the goods or services supplied, their production capacity and their level of dependency on the Iberdrola group.

Credit Quality

A supplier's credit quality (CQ) reflects its financial strength, solvency and reliability of the supplier to meet its financial and contractual obligations in a timely manner. It therefore provides an indication of the likelihood that the supplier will fulfil its commitments throughout the duration of its contractual relationship with Iberdrola.

Credit quality is assessed through an index that considers a range of factors, including the supplier's financial structure and economic performance, as reflected in indicators such as revenue generation, profitability, indebtedness and liquidity. A high credit quality rating indicates a low probability of default, whereas a lower rating reflects a higher level of financial risk.

The assessment of credit quality is based on reports issued by recognised credit rating agencies and/or on the financial analysis of the supplier's audited financial statements, through the calculation of ratios designed to measure solvency, liquidity and overall financial robustness.

Where the estimated procurement value exceeds the thresholds established in the Procurement Guideline, and given the increased exposure associated with higher contract values, responsibility for evaluating the supplier's credit quality rests with the Risk Department. To support this process, the Risk Department has developed a dedicated expert assessment system for the evaluation and classification of suppliers according to both transaction-related risks and their underlying economic and financial position.

The resulting financial risk assessment, whether derived from external credit ratings or from the internal expert assessment model, supports procurement decision-making processes, including supplier selection and contract award decisions. It also facilitates the identification and evaluation of risk mitigation measures aimed at reducing potential adverse impacts and safeguarding the interests of the Iberdrola Group.

Supply criticality

Supply criticality refers to the potential impact that a disruption, delay or failure in the supply of equipment, materials, works or services may have on the Iberdrola Group's operations and investment activities. It is assessed by considering, among other factors, the strategic importance of the supply, the characteristics of the EMOS (Equipment, Material, Work or Service) provided, and the potential costs and difficulties associated with replacing the supplier or securing alternative sources of supply.

A supply is considered critical when its unavailability or inadequate performance could:

- Disrupt essential business operations.
- Significantly affect project execution, production activities or service delivery.
- Generate material economic losses.
- Compromising safety, quality standards or regulatory compliance.

Accordingly, supplies classified as highly critical require enhanced monitoring, control and contingency planning measures to ensure continuity of supply and mitigate potential adverse impacts. As supply criticality increases, so does the potential economic and operational impact associated with supply chain disruptions, reinforcing the need for robust risk management and mitigation practices.

Supply criticality is one of the considerations to take into account when planning a tender process and in the selection of suppliers to be invited. The following three levels of supply criticality are determined, as a guideline and not limiting:

A

HIGH LEVEL

Supply of critical EMWS whose interruption or failure would lead to significant financial losses or penalties, primarily due to the costs associated with supplier replacement. Among the situations considered, it primarily covers situations such as captive supplies (single source), items with no immediate cost-effective alternatives, critical technologies, and services or products subject to high technical or regulatory requirements, where disruption could result in prolonged operational downtime.

This category also covers supplies involving substantial advance payments, high value guarantees or sureties, or those with a potentially significant reputational impact.

Key characteristics:

- High economic impact on operations
- Low substitutability: few available alternatives in the market and high replacement costs
- Urgent replacement requirement

B

MEDIUM LEVEL

Supply of EMOS whose replacement, in the event of failure or disruption, entails a limited cost due to moderate or low advance payments and the availability of alternative suppliers in the market. Although such alternatives may not be immediate or equally efficient, they would not lead to significant costs or delays. These supplies do not require highly specialized labor or involve significant technical complexity.

Key characteristics:

- Relevant supplies, but not immediately essential
- Available alternatives with limited replacement cost
- Manageable short-term impact without high material negative effect in business continuity

C

LOW LEVEL

Supply of EMOS whose replacement, in the event of failure or disruption, is easily managed and does not result in material losses, thanks to a broad supplier base in the market and no expected delays in restoring normal operations. These supplies typically involve minimal or no advance payments and do not affect core business processes.

As a consequence, items of low criticality require limited monitoring and control, as their management does not pose a significant risk to the organization.

Key characteristics:

- Negligible or very low economic impact on operations
- Easy replacement, with multiple low-cost alternatives
- No impact on key processes or business continuity
- Low urgency of replacement

Supplier Capacity

Supplier capacity is the indicator used to assess a supplier's ability to fulfil its contractual obligations and deliver the agreed Equipment, Materials, Works or Services (EMWS), taking into account its organisational structure, operational capabilities and overall scale. The supplier's turnover is a key reference point in this assessment, as it provides an indication of the supplier's ability to absorb and execute the contracted scope of work.

This indicator evaluates whether the supplier possesses sufficient technical, human, operational and financial resources to perform the contract effectively and in accordance with the required standards. In particular, it assesses whether the size and capabilities of the supplier are proportionate to the workload and commitments associated with the procurement process.

Insufficient capacity may increase the likelihood of execution delays, performance issues or supply interruptions, potentially affecting the continuity of Iberdrola Group's operations and investment activities. The significance of these impacts is directly influenced by the criticality of the goods or services supplied, with higher-criticality supplies requiring greater assurance regarding supplier capability and delivery capacity.

Supplier Dependency

Supplier dependency is the indicator used to measure the extent to which a supplier's business activity is concentrated on a specific customer. It is assessed by comparing the supplier's total turnover with the aggregate value of its contractual commitments towards that customer.

In the context of the Iberdrola Group, supplier dependency reflects the proportion of the supplier's revenues that is attributable to contracts awarded by Iberdrola. This indicator provides insight into the supplier's economic exposure to the Group and its sensitivity to changes in the commercial relationship. It also supports the assessment of the potential economic, operational and reputational implications that may arise from disruptions affecting either party.

Supplier dependency is closely linked to supplier capacity. A high level of dependency, particularly in smaller organisations, may increase vulnerability to contract execution issues, changes in demand or unforeseen project deviations, potentially affecting the supplier's operational stability and delivery performance.

Dependency is also associated with supply criticality. Suppliers that are highly dependent on Iberdrola and simultaneously provide critical goods or services may require enhanced monitoring and risk management measures to ensure business continuity and minimise potential supply chain disruptions.

Furthermore, supplier dependency may influence credit quality. Excessive revenue concentration in a single customer can increase the supplier's financial risk profile and reduce its resilience to adverse commercial circumstances, potentially affecting its financial stability and its ability to fulfil contractual obligations reliably over time.

Supplier Financial Risk (SFR)

The Supplier Financial Risk (SFR) indicator is determined through an integrated assessment of the key risk dimensions described above, namely credit quality, supply criticality, supplier capacity and supplier dependency, together with the value of the procurement scope under consideration.

This composite indicator provides a comprehensive view of both the supplier's financial and operational resilience and the potential impact that a supplier-related disruption could have on the Iberdrola Group. By combining the probability of supplier failure with the potential consequences of such failure, the SFR enables a risk-based evaluation of suppliers and procurement processes.

The Supplier Financial Risk assessment supports decision-making throughout the procurement lifecycle, including supplier qualification, tender evaluation and contract award processes. It also serves as a basis for determining the level of monitoring required and for defining appropriate mitigation and contingency measures.

proportionate to the level of risk identified, thereby contributing to the continuity of operations and the protection of the Iberdrola Group's interests.

Mitigation measures

Supplier financial risk mitigation measures are the set of actions, controls and mechanisms that an organization establishes to reduce the likelihood that a supplier will default on its obligations or to minimize the economic impact due to an unfavorable economic and financial situation-or an unwanted event that influences the supplier's solvency and capacity. The objective, therefore, is to ensure the continuity of the supply or service, minimizing the operational, economic and reputational impact that could arise from a possible breach by the supplier, especially in those cases of greater criticality.

These measures may include, but are not limited to:

- Regular monitoring of the supplier's financial situation and credit quality throughout the life of the contract(s) in force, including possible additional measures in the event of financial deterioration. The Procurement Division, together with the Risk Department, has established mechanisms for continuous monitoring of the group's main contracts and suppliers.
- Establishment of contractual guarantees, including guarantees and performance guarantees, both from financial institutions and insurance companies with adequate credit quality for this purpose, insurance contracting and withholding of payments. It also includes the issuance of guarantees by the ultimate parent company of the group to which the supplier belongs to respond to its commitments. These contractual mitigating measures will be negotiated in advance with the supplier and derive directly from the Supplier's Financial Risk and the amount and criticality of the supply itself.
- Adjustment of payment or contracting conditions according to the level of risk, limiting as far as possible the advance payment of amounts.
- Diversification of suppliers to avoid high dependencies and definition of contingency plans or alternative suppliers, maintaining continuous relationships with other suppliers active in the market.

During 2025, the awarded suppliers, representing more than 95% of the total amount of purchases made, have been analysed centrally and through credit risk management systems.

Risk of fraud and corruption in suppliers

Iberdrola's Compliance Unit has among its functions the dissemination of the Code of Conduct for directors, professionals and suppliers, as well as the promotion of a culture of ethical behaviour and "zero tolerance" towards irregular actions and the commission of illegal acts or acts contrary to the law or the Governance and Sustainability System.

For the Group, it is essential to establish effective programs 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 commercial relations with the company or participating in its value chain, comply with the highest standards of integrity in the development 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, Iberdrola's supplier registration process, procurement procedure and process incorporate various measures aimed at assessing the risks of third parties and preventing bribery and corruption, including:

- [Code of conduct](#) for the Iberdrola group supplier, which forms part of all contracts and orders.
- [Policy against corruption and fraud](#), through which a preventive culture based on the principle of zero tolerance for the commission of illegal acts and fraud is promoted.

- **Protocol for the management of the risk of fraud and corruption of third parties**, which provides that suppliers and debtors of the Group's companies will be assessed for fraud and corruption
- **"Initial screening"** of new suppliers registered 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 IBuy providers against third-party databases to detect sanctions, adverse media and other risk factors.
- The **tendering process** shall ensure, in general, and depending on the number of existing suppliers and the nature of the procurement, that a minimum number of three valid bids are obtained in each procurement.
- Proposals for the award of orders are released jointly, being endorsed by two duly authorized managers.
- There is a **separation of the purchasing activities** (Purchasing Management) from those of the subsequent one. **supply** (Business Units) and the **payment of invoices** to suppliers (Administration and Control Department).
- **Payment-invoice-order-bidding traceability** fully supported in corporate systems with necessary documentary support.
- **Audits**, periodically the process is audited, and to date there is no non-conformity or deviation.
- **Supplier classification process**, a specific section to which the supplier must answer, among others, the following questions:
 - Does your organization have its own Code of Ethics or Code of Conduct?
 - Does the organization have a general policy of responsible purchasing?
 - Does the company have a Corporate Social Responsibility Policy?
 - Has the organization signed the United Nations Global Compact commitment? This Pact includes an anti-corruption principle.
 - Do you have specific clauses in your contractual documentation on anti-corruption and business ethics or other means to transfer these commitments to third parties?
 - Do you have ethical channels for suppliers to report conduct that may imply the commission of an irregularity or an act contrary to the law or its regulations?

In addition, the general terms and conditions of contract include specific sections in relation to the fight against corruption. By agreeing to it, the supplier represents, warrants and undertakes to:

- i. **Comply** now and in the future with applicable anti-corruption laws. Supplier agrees that, neither now nor in the future and directly or indirectly, it will offer, promise, pay, authorize, or make payment of any kind to (1) influence any official act or decision, relating in any way to the Contract or any related activity, to any Affected Party, or to the State, or governmental entity of any kind; (2) securing an unfair advantage in connection with the Agreement or any related activity; or (3) obtain, retain or direct business to any entity or person, in connection with the Agreement or any related activity.

For these purposes, "Affected Party" shall be understood as any officer, officer, employee or representative of: (i) any federal, state, regional, provincial or municipal governing body, department or agency of any state; (ii) any international organization or its departments or agencies; or (iii) any company or other entity owned 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. **Maintain** now and in the future its books and other documentation relating to the Contract or any related activity, including that relating to payments made to third parties, complete and truthful, in accordance with generally accepted accounting principles. The supplier agrees that it will allow

Iberdrola, upon request by the supplier with reasonable notice, to inspect its books and other documentation at any time. The request will be considered reasonable when it is made fourteen (14) calendar days before the date of the inspection.

- iii. **You have not made and will not make any political contributions, donations** or any other type of payments related to the Contract or any related activity, nor will you offer or promise them at the request of an Affected Party, without the prior written consent of Iberdrola.
- iv. If Iberdrola reasonably and in good faith believes that the supplier has breached any of the terms of this clause, the supplier must **cooperate in good faith with Iberdrola** to confirm whether the breach has indeed occurred.

The supplier will inform Iberdrola of any situation in which non-compliance with the aforementioned principles is verified, as well as the plan to remedy the situation presented. If corrective plans are not adopted, Iberdrola reserves the right to cancel the contract.

Risk assessment of fraud and corruption in procurement

When starting a new contractual relationship or renewal of an existing contract with a supplier, an assessment of the risk of corruption associated with such contracting must be carried out.

In addition, for all those purchasing processes that exceed a certain economic threshold, the purchasing procedure establishes the obligation to verify the supplier's level of risk in this area.

In order to optimize this control, the fraud and corruption risk indicator that the Compliance Unit has in its management system is automated. This indicator is integrated daily into the Purchasing platform, which allows the purchasing manager to check at any time the level of risk of the suppliers participating in the tenders it manages.

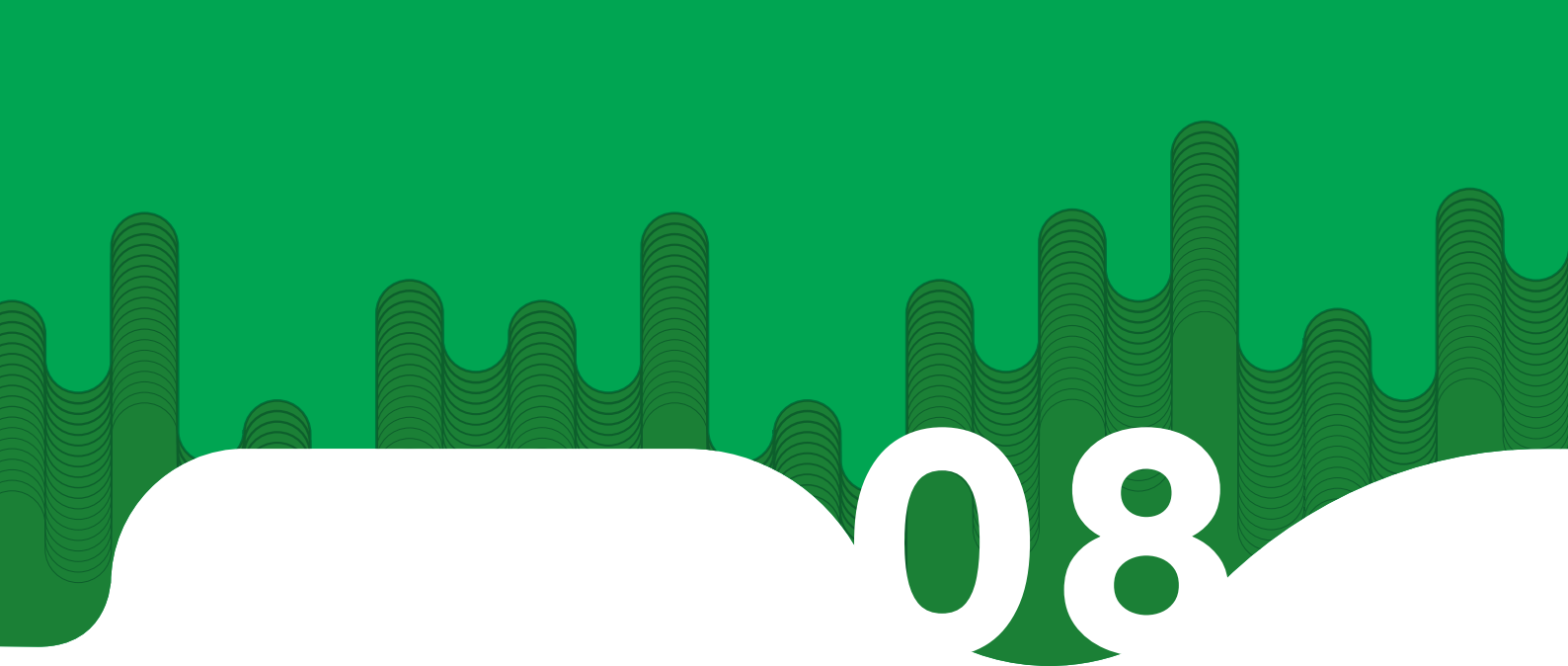
In cases where a supplier has been assigned a monitoring mark or "*compliance flag*", any procurement must be checked with the Compliance Unit, which will issue its approval once the corresponding mitigation measures have been defined and implemented.

Cybersecurity risk and security breaches in suppliers

Iberdrola integrates the cybersecurity risk assessment of its suppliers as an essential part of its global risk management model, applying a systematic approach based on structured questionnaires and scoring models.

Prior to the start of a new bidding process, the requesting areas carry out an assessment of the scope of the contract with the aim of identifying the associated risks in terms of cybersecurity and data protection. To do this, they complete the cybersecurity risk assessment questionnaire in purchases through the HERIC tool (Cybersecurity Risk Assessment Tool in Purchases). As a result, the risk rating is obtained that allows determining, depending on its level, the requirements that must be incorporated into the tender documentation, acquiring this contractual nature.

Additionally, through the Achilles-GoSupply platform, in those tenders classified as high or critical risk in terms of cybersecurity and data protection, the bidding companies must complete a specific questionnaire that collects information on their capabilities in these areas, including regulatory compliance, risk management and key aspects such as information protection policies, access controls, incident management or business continuity. This information is then evaluated using a scoring model that allows suppliers to be classified according to their level of maturity, facilitating the segmentation and prioritization of monitoring, mitigation, or development actions.



08

Dialogue with suppliers

8. Dialogue with suppliers

Iberdrola develops a responsible and sustainable business model that places Stakeholders (IGs) at the centre of its strategy. In this context, the company's purpose is to build relationships of trust with its different IGs, as well as to encourage participation, involvement and a sense of belonging.

Among the most relevant stakeholders are suppliers, with whom Iberdrola maintains a relationship on an ongoing and strategic basis.

INTEREST GROUP	RELEVANT CHANNELS OF DIALOGUE AND COMMUNICATION
Suppliers	• Provider Portal in https://www.iberdrola.com/proveedores
	• Supplier Service Center
	• Satisfaction survey
	• Supplier of the Year Awards (Global & Local)
	• Supplier registration, evaluation and classification platform
	• Platform for the management of tenders (IBuy)
	• Supplier traction campaigns
	• Improvement plans and remediation plans
	• Participation in events
	• Ethical Supplier Mailboxes
	• Social and Sustainability Audits

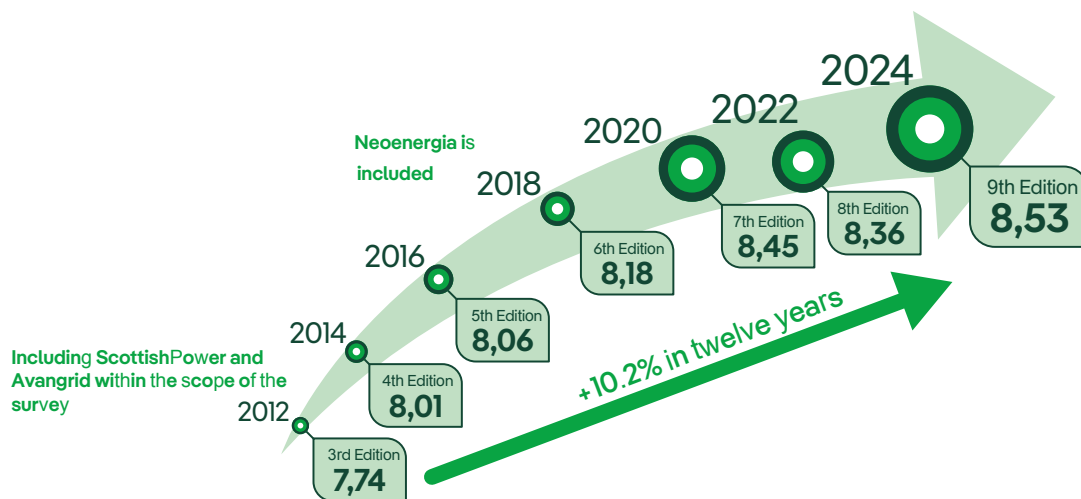
The model developed by Iberdrola for managing the relationship with its suppliers, as well as the set of communication and dialogue channels, is summarised in the table above.

Supplier Satisfaction Survey

Iberdrola maintains an active approach to knowing and understanding the expectations of its stakeholders, among which its suppliers stand out as a priority. In this context, the Supplier Satisfaction Survey is consolidated as a key tool that, on a biennial basis, allows the systematic collection of suppliers' perception of the purchasing process, the relationship with the Procurement teams and the different channels of interaction with the Company.

The results obtained constitute a solid basis for the identification of opportunities for improvement and the promotion of initiatives aimed at strengthening the efficiency, transparency and quality of the relationship with suppliers. Likewise, the main conclusions are shared with other relevant areas of the organization, such as Compliance, Sustainability or the Supplier Service Center, favoring a transversal approach in continuous improvement processes.

The latest edition of the survey (IX edition), held in July 2024, had a high turnout, with more than 2,100 responses received, and reached an overall rating of 8.53 points out of 10. This result consolidates the positive evolution recorded in previous editions and reflects the progressive strengthening of the relationship with the supplier group.



Results of supplier satisfaction surveys over the year

Although the main objective of this initiative is not focused on obtaining a specific quantitative result, but on the collection of qualitative information that allows progress in continuous improvement, the participation of suppliers is actively promoted, standing at around 40% in a stable way. In 2024 it reached 42%, in line with previous editions (2022: 42%; 2020: 41.8%; 2018: 43.1%).

In general, suppliers value Iberdrola's reputation, the strength of its brand and the level of trust it generates positively. They also highlight that their relationship with the Group contributes to maintaining employment, promoting continuous improvement in their own processes and promoting investment in innovation.

Among the main areas for improvement, suppliers point to the desirability of strengthening feedback on tendering processes and exploring new solutions in terms of financing.

At the time of writing, preparations are underway to launch the 10th edition of the survey, scheduled for July 2026.

Main benefits in suppliers

The initiatives promoted by the Procurement Department in the social, economic and environmental spheres aimed at suppliers have favoured a progressive alignment of suppliers, as well as their products and equipment, with the sustainability standards required by the Company. This process has generated a multiplier effect throughout the value chain, as the requirements applied to first-tier suppliers tend to be gradually adopted by the supply chain as a whole.

Thanks to the high volume of annual purchases, the Iberdrola Group acts as a driving force and economic engine in the regions where it operates, boosting its supply chain through:

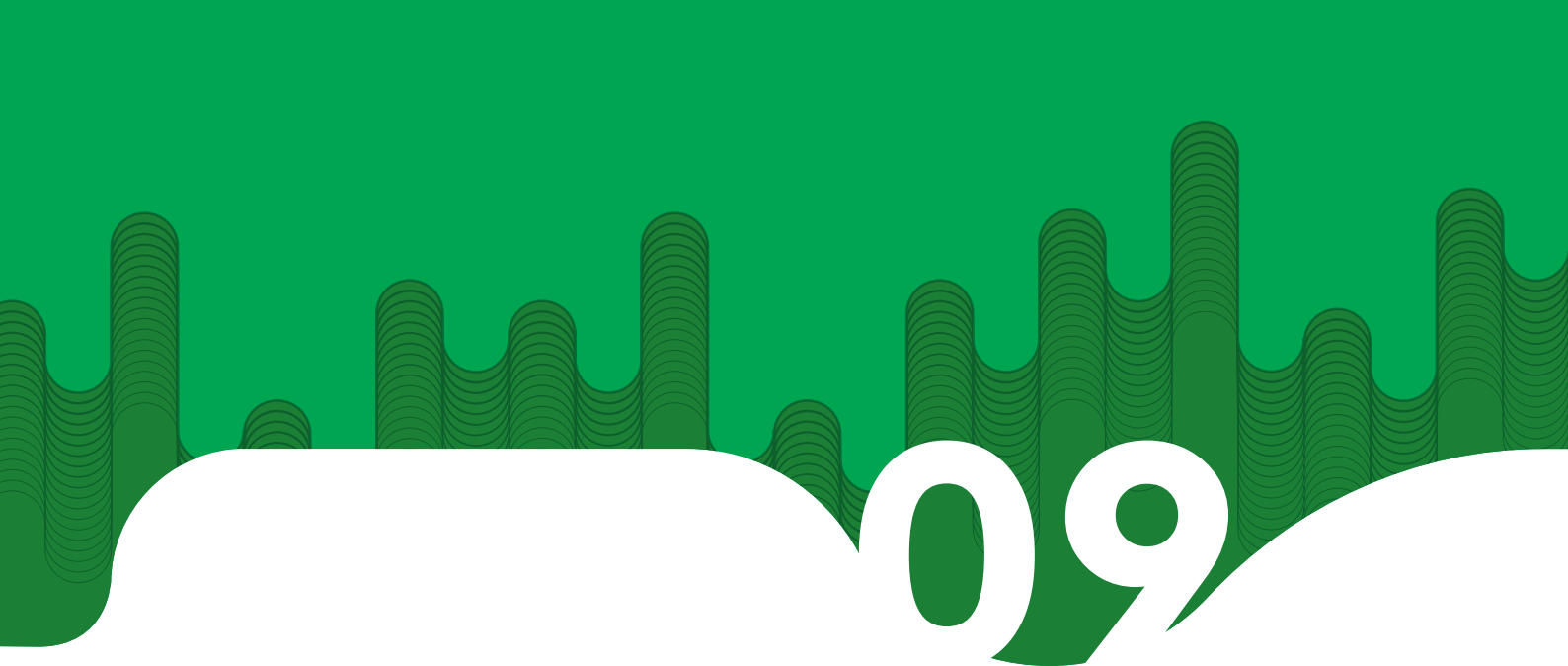
- The implementation of an integral, ethical and transparent business model that promotes these values and commitments in the market in which it operates,
- The promotion of the internationalization of suppliers,
- The injection of liquidity into its network of suppliers
- The generation of highly qualified employment
- Promoting investment in R+D
- Recognition of the contribution of suppliers to the achievement of the Company's strategic objectives, through the Supplier of the Year Awards

As a result of this driving role, Iberdrola has contributed to numerous supplier companies, in many cases initially local, with limited implementation of management systems or specialised in a single activity, to access new markets and customers, to participate in R+D projects and to improve their competitiveness. Many of them have developed an international presence that allows them to position themselves as leaders in sectors such as renewable energies, the maintenance of industrial plants, the construction of energy facilities or the provision of global services.

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

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

- Contribution to the maintenance of employment,
- Promotion of the continuous improvement of its processes,
- Encourages investment in R+D,
- Support for the acquisition of new customers,
- Promotion of internationalization.



09

Equal Opportunity Program for Suppliers

9. Equal Opportunity Program for Suppliers

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 evidenced by the "Equal Opportunity Supplier Program" of our subsidiary Avangrid in the United States. Through this initiative, actions are reinforced to ensure that all suppliers have equal access to purchasing opportunities, regardless of their social and economic status.

These actions are designed to encourage an equitable participation of suppliers who contribute to economic development and represent business sectors aligned with our values and growth objectives.

In this context, we understand equal opportunity for suppliers as the proactive procurement of goods and services from small businesses and businesses owned by socially and economically disadvantaged individuals based in the United States, ensuring equitable access to bidding opportunities and participation in our supply chain:

In 2025, the volume of contracts with these companies reached approximately \$373 million, which represents an increase of more than 18% compared to the previous year

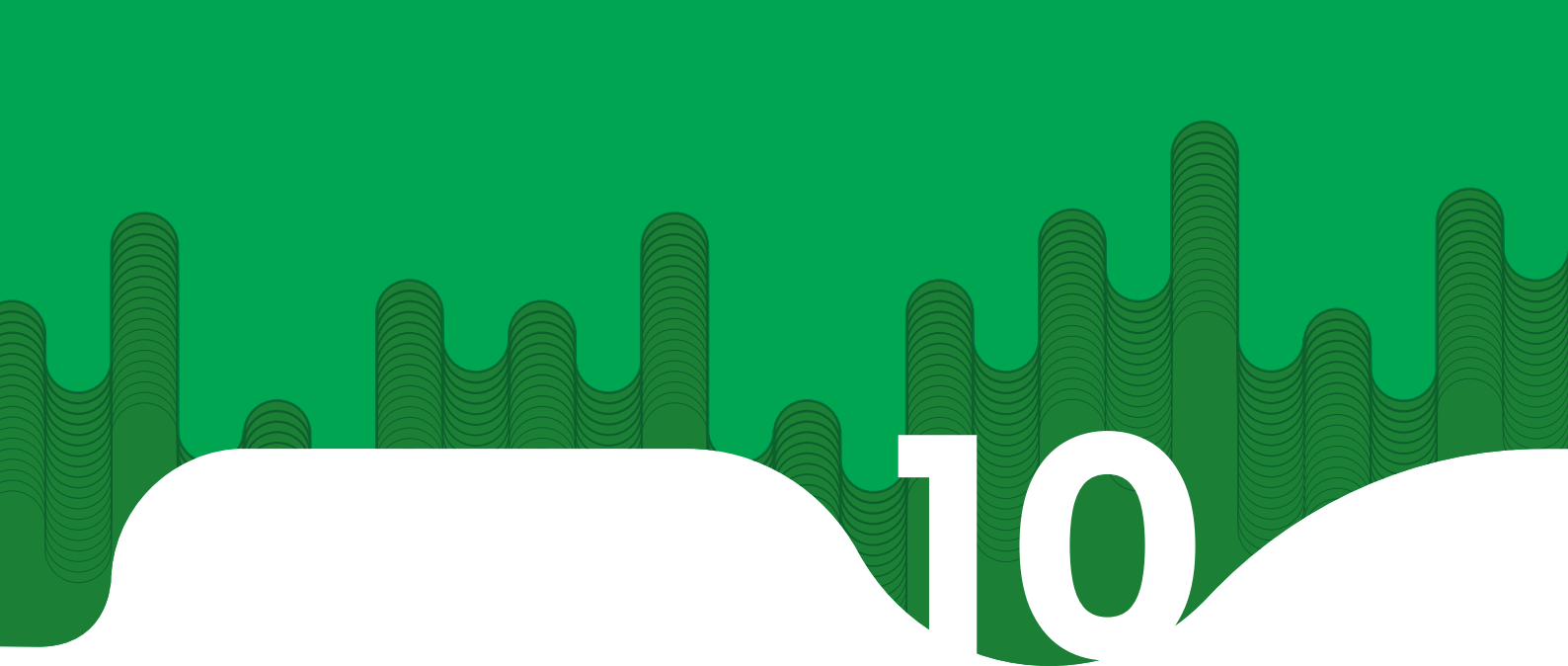
The objective of this program is to continue increasing this figure year by year, and to exceed the 400 million dollars awarded to suppliers within the framework of the equal opportunities program by 2030.

We are convinced that moving towards these goals of responsible purchasing practices and sustainability generates long-term value, both for our suppliers and for our company. In addition, it drives the creation of stronger business solutions, strengthens customer loyalty and satisfaction, and has a positive impact on the communities where we operate.

Iberdrola Spain's Special Employment Centres

On the other hand, in Spain, Iberdrola's Procurement Division has been working over the last few years on the incorporation of Special Employment Centres into the network of regular suppliers. During 2025, the volume contracted to Special Employment Centres (in order to help and collaborate with the group of people with disabilities) has reached 3.0 million euros.

Therefore, having a base of this type of suppliers is a benefit for both the business and our Society. It allows us to get the products and services we need, while small businesses and minority businesses grow and thrive.



10

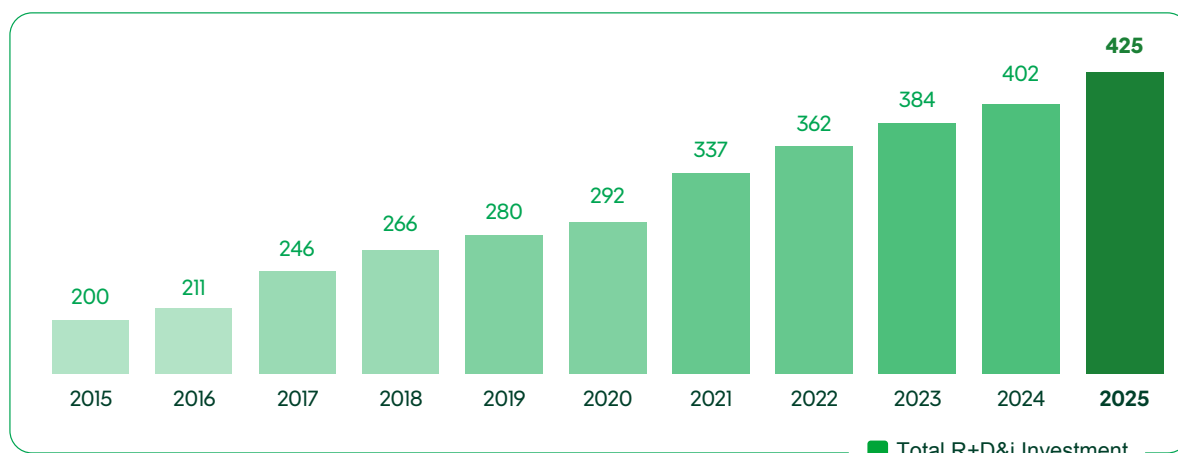
Innovation Programmes and Support for Start-ups

10. Innovation Programmes and Support for Start-ups

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

Innovation is a strategic variable for the Iberdrola group and is the main lever to guarantee the company's sustainability, efficiency and competitiveness. It has also been the axis that has allowed Iberdrola to consolidate itself as a global energy leader, anticipating the energy transition by two decades.

The continued commitment to innovation and technology as a driver of growth has once again been recognised for the fifth year in a row as the private utility investing the most in R&D worldwide, according to the 2025 EU Industrial R&D Investment Scoreboard. In 2025, the company reached a record investment in R&D+i for a total of 425 million euros, which represents an increase of 6% compared to the previous year.



This investment effort is structured around three main axes of innovation, aligned with the key vectors of the transformation of the energy sector:

- **Technologies and Innovation:** aimed at developing solutions applied to business projects to improve the efficiency of the energy system, promote the integration of renewable energies and storage, move towards smarter, more flexible and digital electricity grids, and promote the sustainable electrification of demand in areas such as mobility, industry and buildings.
- **Open innovation ecosystem:** based on collaboration with universities, startups, suppliers and other players in the sector. Initiatives such as innovation centres, the Iberdrola Ü Universities programme or the PERSEO programme contribute to fostering talent, accelerating technological development and generating new business models.
- **Culture of innovation:** based on continuous training, intrapreneurship and the generation of environments that encourage creativity, knowledge transfer and employee participation in continuous improvement and the development of innovative solutions

To deploy this strategy, Iberdrola is relying on a global network of [innovation centres](#), including the Global Smart Grids Innovation Hub and the Smart Mobility Lab in Bilbao, Iberdrola Innovation Middle East in Doha, the Centre of Excellence in Artificial Intelligence and Iberdrola's Training and Innovation Campus in Madrid, the Power Networks Demonstration Center in Glasgow and the Multiprotocol Interoperability and Connectivity Laboratory in Curitiba. These centres act as catalysts for applied innovation and as reference environments in technological collaboration, generation of synergies and development of projects that define the future of the energy system.

Iberdrola promotes R+D+i in all the countries in which it operates, promoting collaboration and an innovative culture. Its vision in terms of innovation focuses on the development of disruptive and sustainable technologies, aligned with the main vectors of transformation in the energy sector: electricity production, improving the integration of renewables and storage, the promotion of smart grids and the electrification of demand. In this context, the projects and initiatives described in the [2026 Integrated Report](#) contribute to advancing in key areas for the transformation of the sector, reinforcing sustainability, safety and competitiveness.

Support for entrepreneurs

Iberdrola Ventures – PERSEO is Iberdrola's entrepreneurship and collaboration programme with start-ups, created in 2008 to promote an innovative ecosystem in the electricity sector. It focuses on technologies and business models that favor electrification, decarbonization and sustainability of the energy system.

Through the program, it has invested in more than 30 start-ups globally, offering investor support, sector knowledge and market access in countries such as Spain, the United Kingdom, Brazil, Australia and the USA. Iberdrola's extensive asset base functions as a "real laboratory" for the development of solutions in renewables, smart grids, demand electrification, digitalisation of processes and environmental protection, with a diverse portfolio of projects complemented by other financing programmes. Key achievements in 2025 include:

- **Pilots:** 17 pilot projects have been developed with start-ups, mainly based on artificial intelligence, focused on the inspection and maintenance of grid and renewable assets, electrification and demand management, and monitoring of the impact on biodiversity. Likewise, pilots have been carried out with hardware solutions, such as those developed by Incalexa and Metalframe, based on modular and scalable structures for the deployment of photovoltaic generation and charging points in car parks, which are currently in the commercial phase.
- **Challenges:** During 2025, five challenges have been launched to the start-up community in areas such as electricity grid planning, photovoltaic asset inspection and maintenance of wind generation facilities.
- **Investment:** TRIBBU has been incorporated into the portfolio of PERSEO, a start-up that develops a digital platform for car-sharing in urban environments, favouring energy savings and reducing congestion. Likewise, the Seaya Andromeda Sustainable Tech Fund I FCR has reached 60% investment, with 11 investees and four new additions during the year.
- **"Venture Builder":** PERSEO continues to promote the creation of new businesses oriented towards electrification and the circular economy. CPD4Green, a 100% Iberdrola company dedicated to the development of electrified land for data centres, stands out, which in less than two years has exceeded 700 MW of portfolio in Spain, with an additional potential of 5,000 MW, and which in 2025 has announced a strategic alliance with Echelon Data Centres. Likewise, EnergyLoop has started the operation of its wind blade recycling plant in Navarra, and Carbon2Nature has consolidated its international expansion to Brazil and Mexico, has grown in Australia, and started marketing carbon credits with its first customers.

The following [link](#) provides details of the program's investment portfolio:

<https://www.iberdrola.com/about-us/our-innovation-model/international-startup-program-perseo/investment-portfolio>





11

Support to Small and Medium Enterprises (SME)

11. Support programmes for SMEs

Iberdrola joins the UN Global Compact again to continue promoting sustainability among its suppliers

In January 2026, Iberdrola joined the fourth edition of the *United Nations Global Compact Sustainable Suppliers Training Programme*, with the aim of continuing to promote sustainability and capacity building among its suppliers.

A total of 903 Iberdrola suppliers, on the four continents in which the company operates, have confirmed their participation in this new edition of the programme, led by the UN Global Compact Spain, ICEX and the ICO Foundation. This initiative has been very well received by Iberdrola's suppliers in the three previous editions. In total, 819 suppliers completed the training programme, which represents the largest contribution to the set of suppliers trained among all the companies promoting the initiative, exceeding 16% of the total. Likewise, globally, more than 90% of participants felt that the initiative met their expectations and added value to their organization.

For six months, between March and September, Iberdrola suppliers benefiting from the programme will be able to access online courses, recorded and live sessions, practical guides, templates for the development of policies and codes, as well as practical cases from other companies. Once all modules have been completed, suppliers will receive a certificate of participation and compliance.

The program aims to train suppliers in sustainability, aligning them with the Ten Principles of the Global Compact (human rights, labour standards, environment and the fight against corruption) and with the 2030 Agenda.

The training is offered free of charge and includes four modules on general aspects of sustainability, the Sustainable Development Goals (SDGs) and the main topics grouped in the four blocks of Principles of the Global Compact and as well as content on the internationalization of the company, incentives and reporting of non-financial information.

The continuity of this initiative reinforces Iberdrola's commitment to environmental, social and governance sustainability through the adoption of concrete commitments throughout its supply chain. As an initial requirement, suppliers must agree to the Supplier's Code of conduct in order to establish a business relationship with the company. This includes principles and clauses on human rights, equal opportunities, inclusion, occupational health and safety, prevention of fraud and corruption, and environmental protection, among other aspects.

In its fourth edition, the training program: Sustainable Suppliers has the participation of more than 6,700 suppliers from 87 countries. It is promoted by the UN Global Compact Spain, in collaboration with the ICO Foundation and ICEX Spain Export and Investment, and is promoted by 54 large Spanish companies that are members of the UN Global Compact Spain.

Iberdrola also has a specific programme called Initiatives for SMEs, through which it promotes actions aimed at strengthening the level of sustainability of the small and medium-sized companies with which it collaborates.



“+ SUSTAINABLES SMEs: Incentives” Programs

Iberdrola continues to deploy different lines of action within the framework of the “SMEs + SUSTAINABLE” initiative, which aims to promote the creation of incentives and tools that allow this type of supplier to improve its sustainability performance.

This initiative started in May 2023, when Iberdrola, together with UN Global Compact Spain and Accenture, organised the conference “SMEs + SUSTAINABLE: INCENTIVES”, in which more than 50 attendees and more than 25 SMEs supplier to the Group participated. This conference was held at Iberdrola’s Innovation and Training Campus, in San Agustín de Guadalix, Madrid.

The main objective of this conference was to identify the barriers faced by SMEs in the implementation of sustainability improvements, as well as to explore possible incentives that facilitate their progress, including a preliminary analysis of their feasibility.

During the day, co-creation sessions were held based on design thinking methodology, in which participants shared experiences and proposed improvement measures, which were subsequently prioritized according to their impact and feasibility.

The initiative was highly valued by the attendees, highlighting the importance of strengthening collaboration with the supply chain and intensifying the development of local suppliers, especially SMEs, as a lever to promote sustainability, employment and the strengthening of the industrial fabric in the geographies where the Group operates.

In line with these results, since May 2024, Iberdrola has launched three specific incentive programmes aimed at improving the sustainability performance of its SME suppliers.

Firstly, a training course on sustainability has been developed for CEOs and executives, promoted together with the UN Global Compact Spain, with specialised content distributed in six online modules available on the Iberdrola website.

Secondly, a pilot programme has been launched to support decarbonisation, which includes the analysis of energy consumption, the calculation of the carbon footprint and the definition of personalised efficiency and emission reduction plans. This programme is supported by the “Net Zero Emissions Manager” digital platform, which allows suppliers to manage and monitor their plans, and is complemented by expert advice, preferential economic conditions in energy solutions and support in the management of grants and subsidies.

Thirdly, the Sustainable Reverse Factoring programme has been launched, which offers suppliers assessed as sustainable, through different financial institutions, preferential financing conditions for the advance of invoices.

After the initial good reception in 2025 by suppliers participating in the conference, the initiative was extended to all SME suppliers in Spain. By 2026, its scope is being strengthened with the aim of consolidating its impact as a structured model of incentives, support and financing, which effectively contributes to the advancement of sustainability in the supply chain.

The initiative was rated highly by the participants themselves

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	✓



12

Local Purchasing

12. Local Purchasing

Iberdrola is committed to local industry in the regions where it operates

Iberdrola's investment plan is mainly materialised through its supply chain, configuring itself as a powerful instrument for industrial promotion in the countries where it operates. With around 86% of its purchases made from local suppliers, the company channels its investment towards the business fabric of each country, acting as a driving force for industrial development, innovation and employment.

This model favours the consolidation of local value chains, boosts the competitiveness of suppliers through technical and sustainability requirements, and generates a multiplier effect throughout the supply chain. As a result, the purchasing activity linked to the investment plan contributes significantly to the creation and maintenance of employment, with an impact of around 500,000 jobs, to the strengthening of the productive fabric and to regional economic development in the geographies where Iberdrola deploys its investments.

Below are some examples of Iberdrola's commitment and how it systematically promotes the contracting of local suppliers as a lever for the economic development of the territories where it operates:

- United Kingdom: Iberdrola, through its subsidiary ScottishPower Energy Networks, has reinforced its commitment to the development of local suppliers by awarding contracts to the British supply chain as part of a £1.4 billion investment in electricity grids. These contracts, integrated into a broader program of 5,400 million, allow long-term alliances to be established with local companies for the execution of key infrastructures, contributing not only to the modernization of the electricity system, but also to the creation of employment, the promotion of national industry and the generation of positive impact in the communities where it operates.
- Spain (Valencian Community): In this region, the company has made purchases from more than 420 suppliers for an amount close to 200 million euros, integrating local companies into networks, renewables and associated services projects, which contributes to an economic impact of more than 1,100 million euros. This approach is part of a large-scale procurement strategy at the national level, where Iberdrola mobilises billions of euros annually in its supply chain in Spain, contributing significantly to employment and industrial development. This model is extended to all autonomous communities and reflects the company's commitment to having local suppliers for the supply, execution of works and the provision of services, generating added value, industrial capacity and opportunities in each territory where it operates.
- Spain (Basque Country): Iberdrola maintains a consolidated relationship with the Basque industrial fabric, collaborating with more than 500 suppliers and making annual purchases that exceed 2,000 million euros. In the last five years, this investment has exceeded 8,400 million euros, which has reinforced its role as a driving force in the region. As a result, the purchasing activity contributes directly to the maintenance of more than 30,000 jobs and an aggregate economic impact of approximately 3,500 million euros per year, equivalent to around 3.7% of Basque GDP. This model promotes the consolidation of a highly competitive industrial value chain with an international vocation, based on local suppliers specialized in key areas such as electricity grids, renewable energies and equipment manufacturing.

- Brazil: Neenergia, a subsidiary of Iberdrola, is promoting a development model based on the contracting of local suppliers linked to its investments in electricity grids. A recent example is the investment plan of about 4,500 million euros in the state of Bahia until 2030, which includes the construction of substations, transmission lines and distribution networks. These actions entail the acquisition of equipment, materials and services from local companies, favouring the creation of industry, employment and skills in the country. This approach is part of a network investment program in Brazil of more than 9,000 million euros.
- In September 2025, Avangrid announced Iberdrola's plans to invest \$18.5 billion in the United States through 2028, with the majority of this investment going to network and gas infrastructure. As an example of support for local industry, the contract for 7 million dollars for the acquisition of electrical transformers manufactured in the United States stands out. This action highlights the company's commitment to the development of the national manufacturing industry and local employment, while reinforcing the resilience of the electricity grid.



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13

Digitalization

13. Digitalization

Digitalisation continues to be a key axis in the transformation of Iberdrola's Procurement function, boosting operational efficiency, the quality of information and more agile and data-driven decision-making. In this context, significant progress has been made during the year in the implementation and consolidation of new digital tools and capabilities that reinforce the comprehensive management of suppliers and purchasing processes.

Supplier Hub

Within the framework of this transformation process, the implementation of the *Supplier Hub* stands out, a global initiative aimed at centralizing and modernizing supplier management in a single digital environment. This platform, based on SAP Business Network, makes it possible to unify processes throughout the entire supplier life cycle, from the registration and management of master data to the management of orders, invoices and payments, facilitating greater traceability, efficiency and transparency in the relationship with suppliers.

In addition, the *Supplier Hub* integrates advanced master data management capabilities through tools such as Master Data Governance (MDG), which contributes to improving the quality, consistency and control of information, reducing duplication and allowing for more structured and reliable management.

Artificial Intelligence (AI)

In addition, Iberdrola is progressively incorporating artificial intelligence capabilities to strengthen the productivity and quality of procurement processes. The adoption of these solutions makes it possible to automate recurring tasks, improve information analysis and facilitate data-driven decision-making.



AI applied to bid analysis

Among the most relevant advances, the Procurement Division has promoted various projects aimed at developing artificial intelligence capabilities. The application of these technologies to the analysis of bids in bidding processes stands out, with the aim of facilitating the comparison of proposals, identifying relevant patterns and improving objectivity in evaluation.

The use of AI has made it possible to automate and improve the review and evaluation of supplier offers, ranging from document verification to a first technical and economic assessment, as well as risk analysis. All this with higher levels of transparency and in less time, which translates into a significant improvement in efficiency. These solutions also make it possible to manage large volumes of information in a more agile way, increasing the analytical capacity of managers and reinforcing the quality of decision-making and the award process.

This case of digital transformation has been recognized as one of the most advanced practices in this field in Spain, and was presented at the *Procurement Day*, organized by AERCE (Spanish Association of Purchasing, Contracting and Procurement Professionals) held at the EDEM Business School in Valencia in October 2025.



Imanol Barquín, Head of Digital Transformation and Processes in Purchasing and Estibaliz López, Head of Purchasing Business Intelligence and Robotics shared their experience in the application of generative AI in bidding processes.

The meeting also served to reflect on the evolution of the Procurement function, which has gone from a predominantly transactional approach to playing a strategic role within the organization, contributing decisively to sustainability initiatives, proactive risk management and business continuity in an increasingly demanding and complex environment.

Copilot as a digital assistant

Likewise, among the most relevant global initiatives is the implementation of digital assistants based on artificial intelligence, such as Copilot, which act as support tools for Procurement professionals in tasks such as reporting, document analysis and communication preparation. Its use contributes to optimizing times, standardizing content and improving the operational efficiency of daily work.

Overall, Iberdrola maintains a firm commitment to digitalisation in all its business areas, promoting a cross-cutting transformation aimed at promoting a digital culture that reinforces operational excellence, process efficiency and service quality.



14

Supplier of the Year Awards

14. Supplier of the Year Awards

The Iberdrola Supplier of the Year Awards 2025

The Iberdrola Group recognises the importance of each employee in its strategic growth projects with the celebration of the Iberdrola Supplier of the Year Awards. An event that is held periodically to highlight Iberdrola's strategic allies committed to innovation, equality, quality, sustainability and job creation.



The fifth edition of the Global Supplier of the Year Award was held on November 19, 2025, in Bilbao (Spain).

Categories of the Supplier of the Year Awards 2025

At this edition, the awards comprise seven categories, recognising the excellence and commitment of our suppliers across key areas of our value chain.

Supplier of the Year

The British company KIRBY has been recognised as Supplier of the Year for its strong position as a strategic partner of Iberdrola, with whom it collaborates closely in the modernisation of the UK's electricity grid.

This award distinguishes suppliers with a consolidated track record, excellence in quality and the ability to develop joint solutions, as well as high flexibility to adapt to business needs and guarantee supply in changing contexts.

In this sense, KIRBY represents an advanced collaboration model, in which the supplier acts as a true partner, sharing risks and maintaining a continuous dialogue, based on trust, transparency and high-level communication.

Equipment Manufacturer

The Portuguese company NKT Cables Portugal has been awarded in this category for its outstanding track record as a manufacturer, characterised by excellence in quality and service response, as well as its ability to adapt, flexibility and reliability in the face of new technical requirements and changing project needs.

Works and services

The Spanish company Grupo de Arquitectura y Obra Civil SL (GAROC) has received this recognition for its outstanding performance during the execution of works and services, a reflection of its commitment, effort and operational capacity.

Digitalisation and new technologies

AWS Amazon receives this distinction that highlights initiatives that integrate advanced technologies, including automation, artificial intelligence or connectivity with data centres, aligning with our vision of a smarter, safer and more resilient supply chain.

Innovation

This category recognizes Artech as a supplier that drives innovation as a lever for growth, while maintaining a firm commitment to sustainability and equity standards.



“Behind this award there is a team that gives the best of itself every day to live up to what Iberdrola expects from Artech”

Engagement

Andritz Hydro receives this recognition as a supplier that stands out for its ability to anticipate, resolve, flexibility and commitment to success.

Sustainability

KONČAR is recognized as a supplier that stands out for generating a positive and sustainable impact in the environmental, social and economic fields.



Accepting the award, Mario Ljubić, Member of the Board of Directors of KONČAR – D&ST, said:

“Together, KONČAR and Iberdrola demonstrate that collaboration is the key to achieving net-zero emissions targets and creating lasting value for society and the planet. That’s why we look forward to continuing this journey together, side by side, towards a sustainable future. This award is for our employees – they are the heart of KONČAR. Their dedication, experience and passion make any endeavor possible.”



15

Certificates and recognitions

15. Certificates and recognitions

ISO 20400:2017 Certified Sustainable Procurement Strategy

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

During the 2023 and 2024 financial years, the company satisfactorily passed the follow-up audits, after verifying the proper implementation of the system in accordance with the requirements established in the benchmark, which allowed it to maintain the certification and renew the recognition by AENOR.

Likewise, in November 2025, the corresponding renewal audit was successfully completed, for the period 2025-2028.

According to the standard, sustainable purchases are considered to be those “that generate the greatest possible positive impact in the environmental, social and economic spheres throughout the life cycle of the service or product”. This certification defines how sustainability considerations should be integrated into existing procurement processes, fostering a procurement strategy that includes sustainability as an essential value in decision-making.

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

Obtaining this relevant certification is part of Iberdrola’s global commitment to quality, which involves the excellent management of all processes and resources as an essential lever to create value for people, shareholders, customers, employees, suppliers and other stakeholders in society.

This recognition confirms the commitment of the Group’s management, which was reflected in the 2026-2028 strategic objective, which established that 85% of the main collaborating companies should be subject to sustainable development policies and standards by the end of 2028.



Dow Jones Best in Class 2025

Iberdrola has once again been included in the Dow Jones Best-in-Class World (DJ BIC World) and Dow Jones Best-in-Class Europe (DJ BIC Europe) indices. The company also remains the only European utility present uninterruptedly in the 26 editions of the world index.

The official website of *S&P Dow Jones Indices* indicates that 10% of the 2,500 largest companies in the S&P Global BMI, with the best long-term performance in economic, environmental and social criteria, are part of the Dow Jones Best-in-Class World.

The Dow Jones Best-in-Class family of indices, created in 1999, identifies the most advanced companies in sustainability within each sector, based on *S&P Global's Corporate Sustainability Assessment (CSA)* and includes *global, regional and national selectives*.

Iberdrola's permanence in these indices confirms the strength of its strategy and its orientation towards the creation of sustainable value in the long term. The group regularly submits its environmental, social and governance performance to the evaluation of leading international analysts, placing itself among the benchmarks in the sector in the main rankings.

These recognitions obtained by Iberdrola are in addition to other international sustainability indicators, such as MSCI, CDP Climate Change, Sustainalytics, ISS ESG, FTSE4Good, EcoVadis or the S&P Global Sustainability Yearbook 2026.

Section Supply Chain

In the *Supply Chain Management* section, Iberdrola obtained a score of 97 points in the 2025 edition, which is a significant improvement compared to the 85 points in 2024 and the 70 points in 2023.

During 2025, as a result of a comprehensive internal analysis process initiated in previous years, in which opportunities for improvement in the *supply chain screening* and evaluation processes were identified, various improvements have been progressively implemented throughout the year.

In addition, the level of demand has been reinforced through third-party verification of both the processes and the results achieved, incorporating them into Iberdrola's Sustainability Report

This result confirms the commitment of Iberdrola's Purchasing Management to continuous improvement and the pursuit of excellence. The high level of demand in this index is also an opportunity to continue promoting sustainability in the supply chain.

In this sense, the results of the 2025 edition continue to motivate the implementation of new improvement plans, with the aim of achieving even higher levels of performance in future editions, even exceeding the achievements already achieved.

CDP 2025

The 2025 financial year has been marked by a consolidation of Iberdrola's positioning in the main international sustainability indices, reinforcing the credibility of its responsible supply chain management model.

In this context, the company has maintained its presence on CDP *Climate Change's* "A List", considered a global benchmark in terms of transparency and climate action. This recognition places Iberdrola among the world's leading organisations in environmental disclosure, risk management and adoption of best practices in decarbonisation, in a universe of almost 20,000 companies analysed.

Beyond this global positioning, the progress made in the field of supply chain is particularly noteworthy. In the 2025 edition of the "*Supplier Engagement Assessment (SEA)*", Iberdrola has been recognised as a "*Supplier Engagement Leader*", achieving the highest rating.

This recognition highlights the Group's ability to integrate its suppliers into the climate strategy, encouraging their active involvement in the measurement, management and reduction of emissions, as well as in the adoption of objectives aligned with international standards.

This leadership is the result of a sustained evolution in recent years, in which Iberdrola has progressively strengthened its processes of evaluation, monitoring and support for suppliers. The high scores obtained in key areas, such as business strategy, dependency processes, impacts, risks and opportunities, environmental policies, emissions scopes 1, 2 and 3 and commitment to the value chain, show a mature model, based on the integration of sustainability criteria in purchasing decision-making.

From an objective perspective, these recognitions reflect the degree of alignment of Iberdrola with the most demanding international standards and also demonstrate the growing strategic relevance of the Procurement function as a lever for decarbonisation and the energy transition.

Likewise, the detailed analysis of the results of the CDP allows us to identify areas for improvement, especially in aspects of governance and strategy, which continue to be reviewed and reinforced within the management model.

Together, the continued inclusion in the CDP's "A List" and recognition as a leader in supply chain commitment consolidate Iberdrola's role as a driving force for sustainability in its supplier ecosystem. This positioning reinforces the confidence of investors, customers and other stakeholders, while promoting a multiplier effect on the companies that are part of its value chain.



Recognition of Procurement's leadership in the application of generative artificial intelligence

The development and application of generative artificial intelligence in Iberdrola's Procurement Department has received outstanding external recognition throughout 2025 and 2026, consolidating itself as one of the most advanced projects with the greatest impact in the field of digitalisation applied to purchasing processes.

The first relevant milestone occurred in October 2025, when Iberdrola's experience was presented at the Procurement Day organised by AERCE in Valencia. In this forum, the company shared its commitment to the incorporation of generative AI in bidding processes and bid analysis, showing tangible advances in operational efficiency, time optimization and improvement in decision-making. This initiative positioned the Procurement Department as a benchmark in the practical application of emerging technologies, highlighting its evolution from a transactional role to an increasingly strategic function within the organization.

This recognition would later be reinforced with other awards, such as the one awarded by the enerTIC.com Platform, which recognized the project as a success story in the real application of artificial intelligence in the business environment.



Iberdrola's Director of Global Purchasing and Services, Ignacio Sánchez-Galán García-Tabernero, collecting the award from the Chairman of AERCE, Gonzalo Fornos

The enerTIC.org Platform, a benchmark in promoting sustainability and digitalisation through the efficient use of technology, held the enerTIC Awards 2025, awards that recognise the most innovative projects in this field. In this context, Iberdrola's Procurement Department was distinguished for its project "Intelligent platform for the management and evaluation of Purchasing Offers with Generative AI", awarded in the "Resource Efficiency & Circular Economy" category. The award was collected by Ramón Zumárraga, Director of Purchasing Services.



Ramón Zumárraga, director of Purchasing Services; Imanol Barquín, head of Digital Transformation and Processes in Purchasing; David Bravo, Global Head of Infrastructure, Operations and Communications; Sergio Merchán, CIO Global Iberdrola; Pablo Pirles, CEO of Iberdrola | bp pulse and Federico Artes, Director of Operations and Technology at Iberdrola | bp pulse

Finally, in June 2026, the initiative was distinguished as one of the “100 Best Ideas of the Year” in the Digitalization category by the magazine Actualidad Económica, in its 48th edition. This recognition underlines the innovative nature and impact of the project in the transformation of Purchasing processes, as well as its contribution to efficiency and the generation of value for the business.



Together, these recognitions endorse the ability of the Procurement Department to identify and implement advanced technological solutions in critical processes, achieving concrete results in terms of time savings, improvement in the quality of decisions and reinforcement of risk management. They also demonstrate Iberdrola's commitment to digitalisation, applied innovation and the development of a more agile, transparent and data-oriented procurement model, while strengthening the relationship with suppliers and positioning the company as a benchmark in digital transformation in the sector.



16

Priorities and short and medium term objectives

16. Priorities and short and medium term objectives

2025 Achievements

During 2025, Iberdrola's Procurement and Services Division has consolidated significant progress in the integration of sustainability criteria in the Group's supply chain management. These achievements reflect the Group's ongoing commitment to sustainability, improving supplier performance and strengthening due diligence systems, aligned with the Group's strategic objectives:

- The strategic objective established by Iberdrola for the period 2023-2025 was achieved, achieving that more than 92% of the main suppliers awarded are qualified as sustainable suppliers by the end of 2025, thus exceeding the threshold of 85%. These suppliers comply with sustainable development policies and standards, as well as the sustainability criteria established by the Group.
- Awards to sustainable suppliers in 2025 reached €12,430 million, representing more than 94% of the amount awarded¹, and contributing to the fulfilment of the new target set for the period 2025-2028, based on the total volume awarded to sustainable suppliers, with the goal of exceeding €50,000 million in that period.
- The maintenance audit of the Sustainable Procurement Strategy certificate awarded by AENOR, in accordance with the ISO 20400:2017 standard, was successfully passed.
- The "Supplier Hub" platform was implemented, a unique digital environment that centralizes the management of the relationship with suppliers throughout its entire life cycle, from registration and management of master data to participation in tenders and the management of orders, invoices and payments. This solution drives the digitalisation of the supply chain, improving operational efficiency, data quality and traceability, and providing a more agile, transparent and secure experience for both suppliers and the Group's internal areas.
- The processes of the Due Diligence System in the field of human rights and the environment have been strengthened through the implementation of the Prewave tool and the definition of new analysis processes aimed, on the one hand, at establishing connections between Tier 1 suppliers and their corresponding Tier 2 and Tier 3 suppliers and, on the other, at identifying the risks associated with the supply chains of critical equipment beyond the Tier 1 supplier.
- 42 social and sustainability audits were carried out on main suppliers in the geographies where Iberdrola operates, as well as in the countries of origin of some equipment manufacturers identified as at risk. Additionally, 4 audits were carried out on Tier 2 and Tier 3 suppliers in accordance with SEDEX's SMETA social audit standard.
- The Global Supplier of the Year 2025 Awards were held at each of the Group's subholdings.

¹ The total amount awarded in 2025 was €13,204 million.

2026 objectives and medium-term challenges

Iberdrola's procurement model is subject to continuous review as part of a strategy of ongoing improvement aimed at adapting to evolving business needs and fostering the constant pursuit of efficiency, resilience and value creation across the supply chain

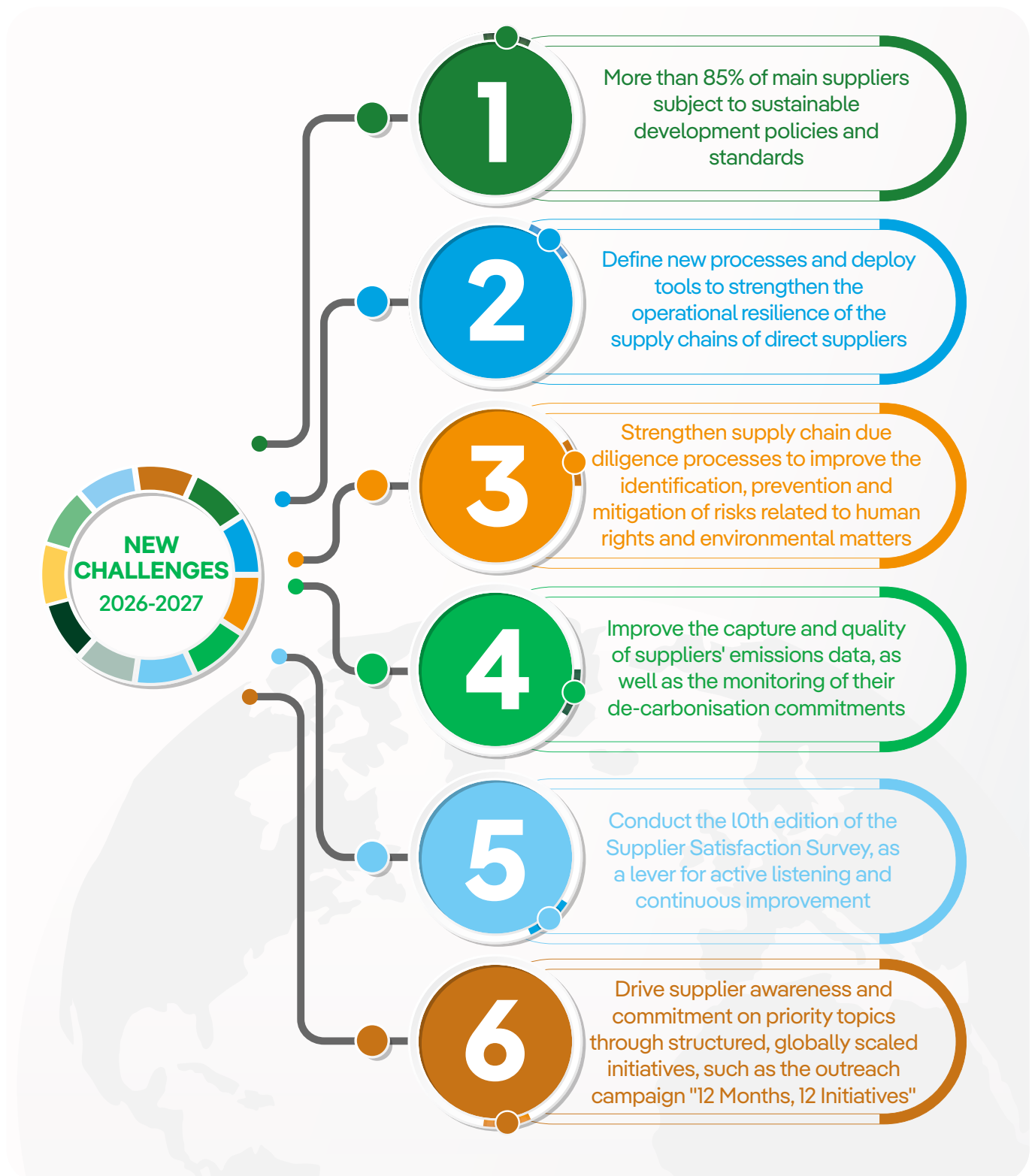
The procurement landscape continues to evolve towards increasingly advanced management models, driven by the emergence of disruptive technologies such as generative artificial intelligence. These technologies offer significant opportunities to enhance efficiency, improve decision-making and optimise specific procurement processes. At the same time, businesses and corporate functions, acting as internal customers, operate in increasingly competitive, dynamic and global environments that require faster response times and greater operational agility. In this context, technology, innovation and data-driven decision-making will continue to be critical success factors.

From a regulatory perspective, the publication of the European Commission's Omnibus Package has reshaped certain requirements previously established under regulatory frameworks such as the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy. The proposed revisions introduce a number of significant changes, including adjustments to implementation timelines and reporting requirements, with the objective of simplifying the regulatory framework while maintaining the core ambitions of the European Green Deal.

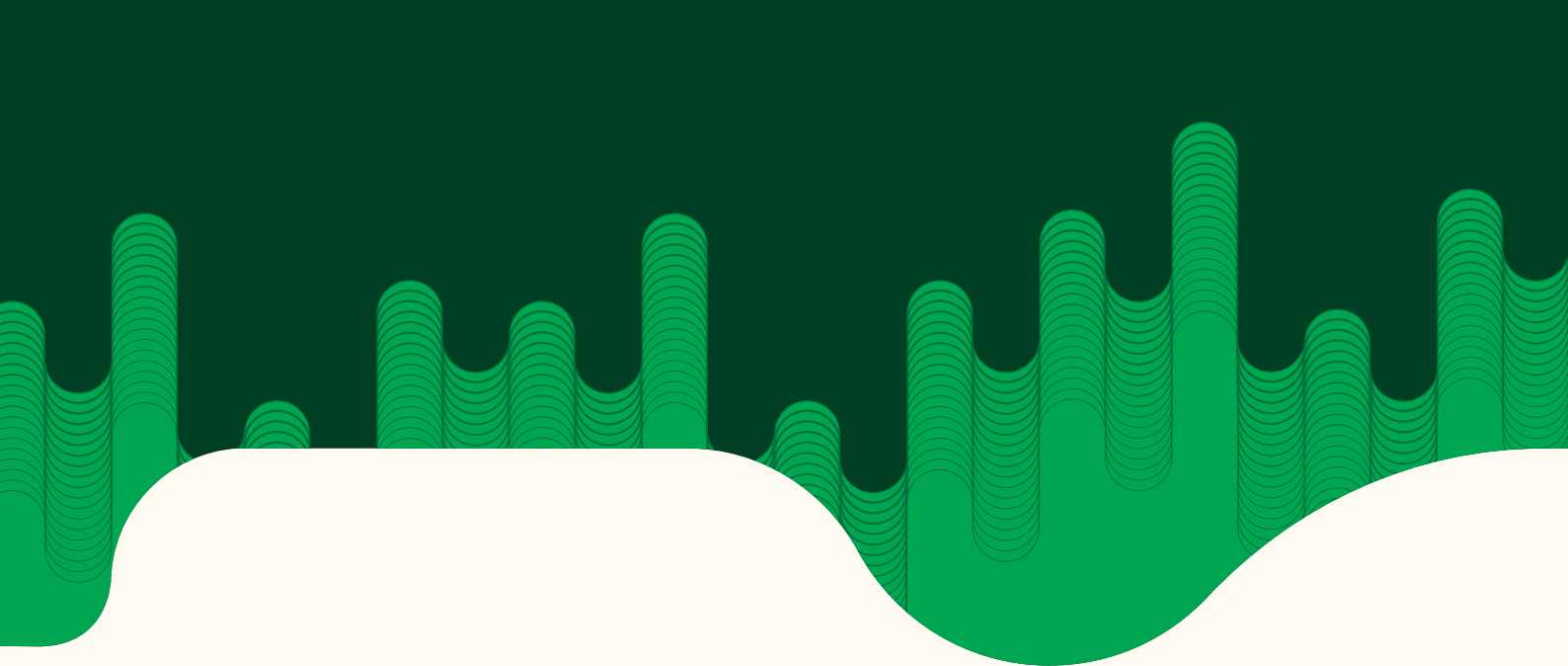
Against this backdrop, Iberdrola's Procurement and Services Division has identified the following key priorities and objectives for 2026 and the coming years:

- Deliver the Iberdrola group's strategic objective for the 2026-2028 period, by ensuring that more than 85% of the main suppliers awarded are classified as sustainable suppliers and operate in accordance with recognised sustainability policies and standards.
- Design and implement new processes and tools aimed at strengthening the operational resilience of the supply chains involving direct suppliers classified as critical
- Further enhance supply chain due diligence processes to strengthen the identification, prevention and mitigation of human rights and environmental risks.
- Improve the availability, quality and coverage of supplier's greenhouse gas emissions data and their decarbonisation targets, supporting Iberdrola's commitment to achieving net-zero emissions across its value chain by 2040.
- Conduct the next edition (X) of the Supplier Satisfaction Survey, reinforcing its role as a key mechanism for active listening, stakeholder engagement and continuous improvement.
- Promote supplier awareness and commitment in priority areas, through structured initiatives such as the "12 months, 12 impulses" communication and engagement programme.
- Continue implementing incentive schemes to support SME suppliers in improving sustainability performance and reducing greenhouse gas emissions.
- Advance operational efficiency initiatives through the adoption of generative AI models applied to selected procurement processes and activities.

In addition to maintaining and continuously strengthening the initiatives described throughout this report, the principal short- and medium-term priorities for supplier management and procurement activities are summarised in the figure below.



Allies for green industrialisation



Annex I

Purchasing policy and Guidelines: Principles and Risks Related to the Supply Chain

Annex I

Policy and Guidelines:

Principles and Risks Related to the Supply Chain

Basic principles set out in the Purchasing Policy:

The Purchasing Policy is based on the following basic principles of action that Iberdrola assumes and promotes in terms of the purchase of equipment and materials and the contracting of works and services:

- (a) To promote a policy of relations with suppliers based on principles of business ethics and transparency, seeking continuous improvement and mutual benefit, and promoting sustainability, innovation and development activities.
- (b) Promote sustained, inclusive, accessible and sustainable economic growth, as well as provide productive and dignified employment for professionals who are part of the value chain.
- (c) Implement the necessary mechanisms so that purchasing decisions guarantee, in any case, a balance between technical suitability, quality, accessibility, occupational safety and cybersecurity, respect for natural capital and price, as well as the sustainability and quality of the supplier as a basic condition for the contribution of value.
- (d) Establish supplier selection processes that are in line with criteria of objectivity, impartiality, non-discrimination and equal opportunities, ensuring compliance at all times with the *Code of Conduct for Director, professionals and suppliers*, regardless of their own interests or those of third parties.
- (e) Promote compliance by suppliers with the contractual conditions and applicable regulations and, in particular, with the provisions of sections A and D of the *Code of Conduct for Director, Professionals and Suppliers*, of which they must inform their professionals and their subcontractors, together with the existence of internal information channels.

Suppliers and the entities that they, in turn, contract to carry out supplies and works and provide services to the Company must report, through the internal information system established by the Company and under the terms established in the Governance and Sustainability System, any conduct that may be implied on the part of any director, or supplier of the Company (or of the supplier's subcontractors or professionals), a possible irregularity or a potential unlawful act or contrary to the law or the governance and sustainability system with significance within the scope of the Company, in the Company's contractual relationship with its suppliers or in the interests and image of the Company, without prejudice to the fact that they may direct their complaints or information to the Independent Authority for the Protection of Whistleblowers (AAI) or to any other competent institution, body or agency.

- (f) Promote the highest occupational health and safety standards of professionals participating in the value chain, especially those of suppliers, by raising awareness and establishing the necessary controls to mitigate the risks inherent in the work performed, in accordance with the Guidelines on Purchasing Risk Limits, and the Guidelines and Occupational Safety Risk Limits, health and well-being, requiring contractors to respect the established safety standards, and making them participants in the preventive culture implemented, adopting the best international practices in the matter.
- (g) Ensure compliance with the regulations on separation of activities. If the same entity supplies, is contracted for works or provides services to Group companies that carry out regulated activities and to Group companies that carry out non-regulated activities, the provisions of the applicable regulations and the requirements and conditions provided for in the corresponding codes of separation of activities of Group companies or similar regulatory instruments must be complied with.

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

The Purchasing policy establishes guidelines and limits on the levels of delegation of authority and purchasing procedures of the Group under the principles set out above, defines the risks related to the supply chain, as well as on the organisational principles that must prevail to ensure full respect for the corporate organisation derived from the Governance and Sustainability System.

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

The Procurement Risk Guidelines and Limits were approved on February 25, 2025 and last amended on February 24, 2026. These complement the Purchasing Policy and indicate the risks associated with the purchases of equipment and materials and the contracting of works and services, and are defined as follows:

- **Credit risk:** the possibility that a counterparty fails or fails to perform its contractual obligations for economic reasons and causes, within the Group's perimeter, an economic or financial loss and, in particular, in relation to:
 - The value of advances paid for services or goods not yet received.
 - The extra cost that would be generated to the company in question by replacing a critical Supplier in the context of the fulfillment of its objectives (e.g. delays, loss of profits, penalties, etc.)

In the relevant Purchases or tenders, an assessment of the Supplier's credit risk will be required in order to request sufficient contractual guarantees to ensure compliance with its obligations.

- **Market risk:** any potential increase in the cost of purchases, due to adverse price movements, including possible indexation to commodities (e.g. of listed metals), currency exchange rates or official price indices (CPI, IPRI, etc.)
- **Strategic, regulatory, fiscal and legal risks:**
 - Unfavourable tax modifications (new rates, tariffs, etc.).
 - Regulatory modifications that may affect the technical approvals of equipment, imported or not, and its consideration as equipment suitable for use in the jurisdiction where its use was planned.
 - The risks arising from potential subsidiary liability for non-compliance or defective compliance of its suppliers.

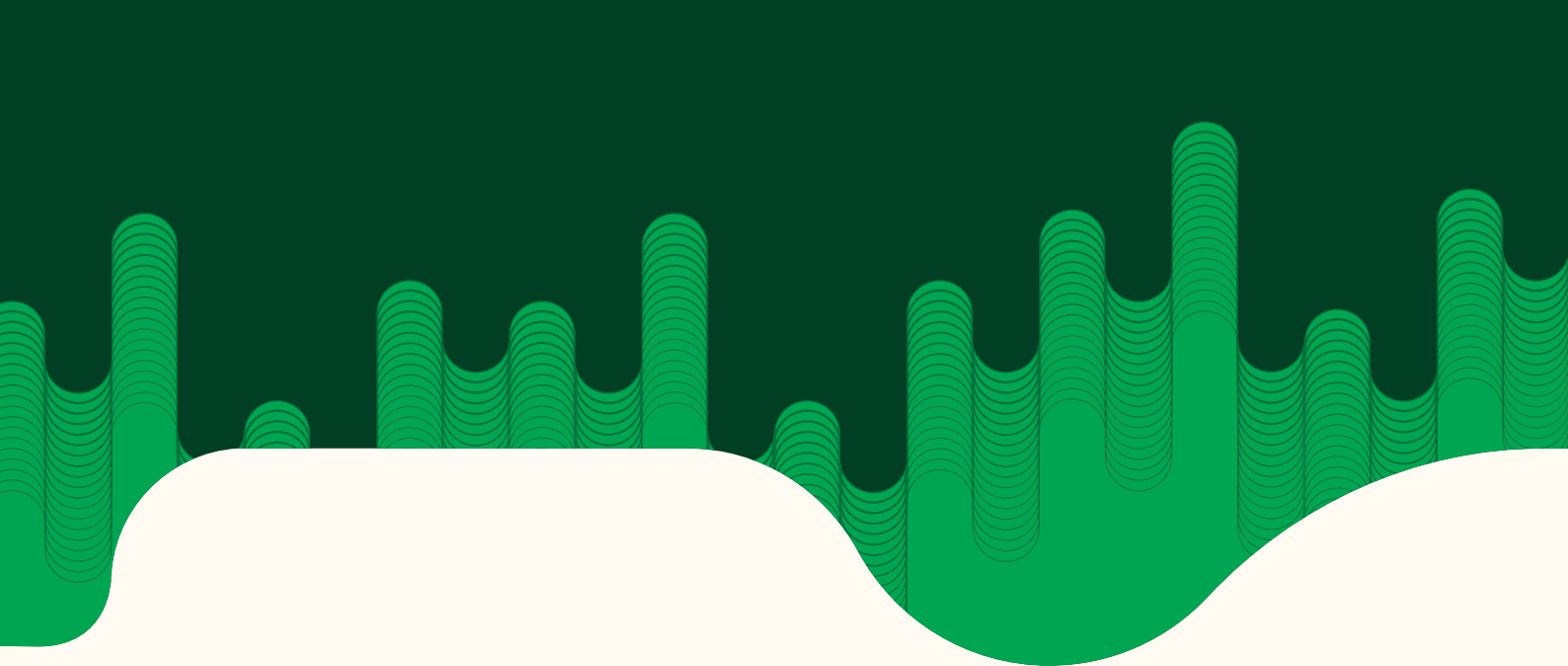
It will not be possible to contract with any supplier that is not up to date with its tax, fiscal or any other obligations for which the Group may incur any subsidiary liability

- **Business risk:** technological or quality risk of purchases.

- Risk of acquiring products or services that are inappropriate or that do not adequately adapt to the technical, operational or environmental needs of the business.
- Technological risk derived from dependence on a single supplier.
- Difficulty in finding suppliers in the market that are capable of delivering the right products or services on time and that can lead to delays in meeting business objectives or regulatory obligations (sanctions).
- **Operational risks:** economic losses, direct or indirect, caused by external events, errors or inadequate internal processes and, in particular, those associated with:
 - Total or partial non-compliance with the established procedures on transparent and competitive tenders.
 - Failures in internal controls.
 - Human or technical errors resulting 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 motivated by the adoption of new technologies, including artificial intelligence. It also includes risks related to the security of people, tangible and intangible assets and information systems, including cybersecurity, as well as the privacy of the data processed and compliance with related regulations, and in particular those associated with:
 - Cybersecurity risks: risks arising from unauthorised access, improper use or disclosure, degradation, alteration, modification or destruction of the information or information and communications systems and services of the companies of the Group, including possible acts of terrorism and, in particular, those caused by the accessibility of Suppliers or third parties to them.
 - Risks related to personal data protection regulations.

Processes will be included to identify and establish cybersecurity requirements that mitigate the risks associated with the access of Suppliers and their possible subcontractors to the information or information and services of the Group

- **Governance and Sustainability Risks:** risks arising from possible non-compliance with the provisions of the Governance and Sustainability System (environment, social commitment, corporate governance and regulatory compliance) including legislation against corruption and fraud, and in particular those associated with:
 - Risks related to human resources (such as labour provision in Spain) and safety conditions in the workplace.
 - The performance of unauthorized or fraudulent operations (internal or external fraud) or that may be considered corruption in any of its manifestations. If it is established that such operations have been carried out for the benefit of the companies integrated in the Group (even if these acts have been carried out or promoted by Suppliers or by professionals of Group companies in violation of 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 applicable modern slavery regulations.
- **Reputational impacts:** negative impact on the value of the Group's companies as a result of the company's behaviour below the expectations created in the different Stakeholders, as defined in the Stakeholder Relations Policy, or adverse external situation in which it may be involved as a result of the operations associated with the purchases. Specifically, bad practices by Suppliers, or their subcontractors or collaborators, that may impact the Company's reputation, such as non-compliance with tax or fiscal obligations, bad labour practices, breaches of the principles established in the United Nations Global Compact or conduct contrary to the commitment of all the Group's companies to the fight against climate change or to respect for the environment and human rights.



Annex II

Principles of action of the Supplier Code of Conduct

Annex II

Principles of action of the Supplier's Code of conduct

Among the principles of supplier action included in the Supplier's Code of conduct are:

From the suppliers

- Suppliers of Group companies shall ensure that their own suppliers and subcontractors are subject to principles of conduct equivalent to those of the Code of Conduct. In turn, they will require them to extend equivalent requirements to their respective supply chains.
- The provisions of the Code of Conduct are without prejudice to the additional conditions and requirements that may be established in the applicable legislation, in the practices and rules of the different jurisdictions where the companies of the Group carry out their activities and in the different contracts with each supplier, which will be applicable in all cases

Supplier compliance commitments

- Suppliers will develop their business relationships in accordance with the principles of business ethics, efficient management, transparency and honesty.
- Suppliers shall comply with the Group companies' compliance policies, of a general or special nature, including the reaction against corruption and fraud, forced labour or any form of modern slavery, as well as the highest standards of ethical and moral conduct, international conventions and applicable legal regulations on this matter. ensuring that they establish the appropriate procedures that are required for this purpose. Suppliers undertake to promote free and fair competition in the markets in which they participate and to comply with competition regulations, actively collaborating with the authorities entrusted with the supervision of the aforementioned markets.
- Suppliers shall not promise, offer or pay, directly or indirectly, any bribe to facilitate transactions or other improper payments to any third party or to any professional of the Group companies in connection with their contracts with the Group companies.
- Suppliers shall not corruptly promise, offer or pay, directly or indirectly, money and other valuable property, in order to: (i) influence an act or decision of a third party or a professional of the Group companies; (ii) obtaining an undue or improper advantage for the companies of the Group; or (iii) inducing a third party or a professional of the Group companies to exert influence over the act or decision of a public official and other persons participating in the exercise of public function.
- Suppliers shall not attempt to obtain information owned by Group companies that is not public, including, in particular, information not available to other bidders, in relation to their contracts with them. Nor shall they conceal or distort the information in the accounting records and reports of the companies of the Group.

- Suppliers shall not promise, offer or deliver gifts or valuables, of any nature, to persons or entities who are public officials or who participate in the exercise of public functions on the occasion of or in connection with the formalisation of their contracts with the companies of the Group.
- Suppliers may only promise, offer or give gifts or reasonable objects of irrelevant or symbolic economic value, including entertainment or meal expenses on the occasion of or related to the fact of the conclusion of the contract, to persons or entities that are not public officials or that do not participate in the exercise of public function and in accordance with the legal regulations against corruption and the integrity and ethics policies of the Governance and sustainability system. In any case, gifts or reasonable objects or things of irrelevant or symbolic economic value must respond to a legitimate commercial purpose.
- Suppliers and the entities that they, in turn, contract to provide services or supplies to the companies of the Group (the “Subcontractors”), their respective professionals, as well as companies that have participated in a tender for services or supplies to be suppliers, must communicate, through the internal information system established by the company of the corresponding Group: (i) any conduct that may involve on the part of any director or professional of the Group companies, an action that could constitute a possible irregularity or a potential unlawful act or contrary to the law or the governance and sustainability system (including, in particular, any conduct that could constitute a crime, a serious or very serious administrative infraction, or an infringement of European Union law) with significance in the scope of the Group companies or in the interests and image of the Group companies; or (ii) the potential commission by a supplier, by one of its Subcontractors or by their respective professionals, of any act or action of the aforementioned companies, within the framework of its commercial relationship with the companies of the Group or with transcendence in the interests and image of the companies integrated in the Group. All this, without prejudice to the fact that they may direct their complaints or information to the Independent Authority for the Protection of Whistleblowers (AAI) or to any other competent institution, body or agency.

In any investigation, the rights to privacy, honour, defence and presumption of innocence of the persons investigated or affected shall be guaranteed and all necessary measures shall be taken to avoid any type of reprisals against the informant.

- Suppliers, Subcontractors, their respective professionals, as well as companies that have participated in a tender for services or supplies to be suppliers of the companies of the Group must report, as soon as possible, any of the conducts or acts indicated in the previous section of which they are aware due to their commercial relationship with the Company or with the other companies of the Group.
- Suppliers, by contracting with a Group company, are obliged to inform their professionals and their Subcontractors of the content of sections A and D of this Code of Conduct and of the existence of internal information channels in the corresponding Group company, as well as to oblige their Subcontractors to inform their professionals of this regard. Likewise, suppliers must be able to accredit, at the request of the Group company with which they maintain the commercial relationship, compliance with these obligations.

Supplier conflicts of interest

Suppliers must maintain mechanisms that guarantee 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 actions and its full compliance with applicable legislation will not be affected.

Duty of secrecy of suppliers

- It is the responsibility of the suppliers and their respective professionals to adopt sufficient security measures to protect the non-public information owned by the companies of the Group and to have the necessary means to safeguard it.
- The information owned by the companies of the Group entrusted to the supplier will generally be considered confidential or secret information.
- The information given by suppliers to their interlocutors in the Group's companies must be truthful and not designed with the intention of misleading.

Supplier Labour Practices

- Suppliers shall reject any form or form of forced or compulsory labour and modern slavery provided for in applicable legislation and international conventions and shall take appropriate measures within their organisation to eliminate them. Similarly, they will require similar behavior from your supply chain.
- Similarly, suppliers will expressly reject the use of child labour, both in their organization and in their supply chain, respecting the minimum ages of hiring in accordance with applicable legislation and international conventions, and will have adequate and reliable mechanisms for verifying the age of their professionals.
- Suppliers must reject (i) any discriminatory practice based on any condition or characteristic in terms of employment and occupation, treating their professionals fairly, with dignity and respect and (ii) any conduct that may be classified as harassment. To this end, they will promote a preventive culture that ensures the rejection of any manifestation of workplace violence and harassment in all its forms, promoting a respectful and healthy work environment and applying the principle of zero tolerance for any behaviour that may be classified as harassment or discrimination.
- The working conditions of the suppliers' professionals, which must be communicated to them in a language understandable to them, will respect, in all cases, the legislation, the collective agreement and the main international standards, as well as the international conventions applicable in each case, ensuring in particular adequate conditions in terms of wages, ordinary and overtime hours and social benefits.
- Freedom of association and the right to collective bargaining of suppliers' professionals must be respected by them, subject to the rules and the main international conventions applicable in each case.
- Labour relations between providers and their professionals must be based on equal opportunities, especially between sexes, on non-discrimination based on any condition or characteristic, and on the promotion of a multiple, diverse, and inclusive professional environment, based on respect for all people and that promotes training and performance.
- Suppliers will value the implementation of measures that favour respect for the personal lives of their professionals and facilitate the best balance between this and work responsibilities, in accordance with applicable legal regulations and local practices, and will not in any case suppress the measures that have been established at the time of becoming a supplier of the companies of the Group.

Supplier commitments on safety and health

- Suppliers must adopt the necessary measures to ensure the safety and health of their professionals or third parties who provide services in their facilities in all aspects related to the exercise of their functions, reducing the dangers present in the workplaces and minimizing the associated risks through the adoption of effective preventive and protective measures. in accordance with applicable international conventions and current legislation.
- Suppliers will identify and assess potential emergency situations in the workplace and minimize their potential impact by implementing emergency preparedness and response plans and procedures.
- Suppliers must provide their staff with appropriate training in preventive matters, assuming the cost of training, as well as the cost of implementing other preventive and protective measures, and will be liable for any damage or harm for which they are responsible by action or omission, especially as a result of not having adopted the appropriate preventive measures in terms of health and safety. They will also actively collaborate with the corresponding Group company in the management of prevention in the work and services carried out in the centres and workplaces of the Group's companies, in accordance with the established requirements for coordination and monitoring of health and safety measures.
- In the event that it is necessary to travel the supplier's professionals or those of the Subcontractors hired by the supplier in order to carry out the work, the supplier will ensure that they are provided with an adequate means of transport and accommodation in decent conditions.

Supplier commitment to natural capital

- Suppliers must strictly comply with all applicable obligations in terms of natural capital and have an effective environmental policy and due diligence systems, depending on the products and services supplied for, among other aspects:
 - (a) reduce its greenhouse gas emissions through an efficient use of energy and resources and minimise energy consumption in order to reduce its carbon footprint.
 - (b) minimize the use of natural resources, fuels, chemicals and fossil fuels in order to reduce its corporate environmental footprint and prevent pollution;
 - (c) identify and manage substances, waste and other materials that represent a danger when released into the environment, in order to guarantee their handling, transfer, storage, recycling or reuse and disposal in safe conditions, ensuring their circularity, complying with applicable regulations and ensuring correct waste management, all with the aim of preventing and minimising pollution, waste, sewage or emissions that have the potential to adversely affect the environment;
 - (d) prevent deforestation, ensuring that no products or services are provided that cause deforestation directly or through its supply chain with the aim of achieving a net positive impact; y
 - (e) prevent the loss of biodiversity and guarantee land conservation to avoid the loss of nutrients, erosion and their pollution and guarantee water resources and the protection or promotion of natural habitats in those environments in which they operate or have the capacity to influence.
- Suppliers must have adequate reporting mechanisms in relation to the performance of the aforementioned aspects in the event that the corresponding Group company requests information in this regard.

Commitments to human rights and sustainability due diligence

- Suppliers must respect the human rights and environmental prohibitions set out in the main international human rights agreements and environmental conventions. In particular, they must comply with applicable legislation on responsible minerals.
- In accordance with existing legal requirements, suppliers will collabourate, when requested by the corresponding Group company, in the identification of the impacts on human rights and the environment associated with their operations, products or services that they develop for the Group company. Likewise, in accordance with applicable legislation, the companies of the Group may establish in the contract with the supplier 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 for the correction of impacts on human rights, in those cases in which it is determined that the severity or probability of their occurrence is high.
- Suppliers must establish the necessary mechanisms for their professionals and third parties to file complaints or claims anonymously in the event of possible breaches of the provisions of the first paragraph of this article. In the event that these complaints and claims concern products or services provided to a Group company, suppliers shall inform the relevant Group company of the results of the investigation into the complaints received, as well as the action taken.
- Suppliers shall inform their professionals and Subcontractors of the existence of a complaint mechanism of the relevant Group company. They must also oblige their Subcontractors to inform their professionals of this.

Subcontracting

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

