



Sustainable supply chain management 2024

June 2025

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1.

Supplier ESG Program

Redeia understands sustainability to be the company's commitment to longevity through the creation of shared value for all its stakeholders in the responsible undertaking of its activities.

In this context, in the field of ESG, we aim for our suppliers of goods and services, as key actors in the achievement of our commitments, to act responsibly as part of our value chain and to be committed to its continuous development. Through continuous monitoring and development of suppliers, we work to minimise risks for those with the greatest business impact, driving mutual growth.

This Programme details the deployment, through objectives and actions, of the strategic lines that apply to the supply chain as defined in the Sustainability Plan for the 2023-2025 period, from which it stems. It also ensures compliance with Redeia's 2021-2025 Strategic Plan, both of which were approved by the Board of Directors. Furthermore, the Programme aims to showcase the sustainability management model established for the supply chain, through which Redeia identifies, monitors, and manages risks for their proper control and minimisation.

The ESG Programme was submitted to the Procurement⁽ⁱ⁾ Committee, in accordance with the delegation of ordinary management from the Board of Directors, for its approval on 19/04/2024 (minutes no. 257). It is updated annually to report on actions taken, progress, and improvements for the upcoming year, including sustainability information not contained, or not fully contained, in the Sustainability Report. Presented to the Procurement Committee on 13/06/2025 (minutes no. 272).

Additionally, the progress of the Programme is presented periodically, and at least once a year, to the Sustainability⁽ⁱⁱ⁾ Committee for its supervision.

- *(i) Procurement Committee Body presided over by the Chief Executive Officer and made up of the Chief Financial Officer and 3 general managers of the main businesses and activities that generate the most expenses, in accordance with the policy of delegating the ordinary management of the Board of Directors.*
- *(ii) Sustainability Committee: Composed of three directors to facilitate the Board's decisions on certain matters, including the monitoring, supervision, and implementation of the 2030 Sustainability Commitment and sustainability policies and their link to the strategic plan.*

Vision

To be a **leading company** in the transmission and operation of high-voltage electricity grids, globally recognised for offering the **highest quality** service, carrying out **ethical and responsible management**, maintaining a firm **commitment to sustainable development value** for all our stakeholders.

Mission

To provide, manage and operate, in Spain and abroad, the system and grid infrastructure necessary **to guarantee**, with **sustainability criteria**, the **supply of electricity and telecommunications services** to companies and individuals, incorporating the latest technologies.

Purpose

To guarantee electricity supply and connectivity in the field of telecommunications, promoting a **fair ecological transition** with sustainability criteria, valuing our neutrality, and contributing to **social and territorial cohesion**.

Principles

Equal treatment

Non-discrimination

Mutual recognition

Proportionality and
transparency

Free competition

Regulatory framework

** Body responsible for approving the standard*

ROYAL
DECREE-LAW
3/2020

CODE OF
ETHICS

** Board of Directors.
May 2023*

CODE OF CONDUCT
FOR
SUPPLIERS

** Executive Committee.
June 2023*

SUPPLY CHAIN POLICY

** Board of Directors. June
2021*

CORPORATE
REPUTATION AND
SUSTAINABILITY
POLICIES

** Board of Directors. June
2021 and May 2022*

GUIDE FOR THE
PREVENTION OF
CORRUPTION

** Board of Directors. January
2023*

INTERNAL
REGULATIONS

Levers for continuous improvement

** Body responsible for approving the standard*

2021-2025
STRATEGIC
PLAN

** Board of Directors.
February 2021*

PROCUREMENT
DEPARTMENT
OPERATING PLAN 2021-
2025

*• Managing Director
July 2021*

SUSTAINABILITY
PLAN
2023-2025

** Board of Directors.
October 2023*

OBJECTIVES
AND PROJECTS

AUDITS
ASSESSMENTS

SATISFACTION
SURVEYS
FOR CUSTOMERS
AND SUPPLIERS

Pillars

CONTINUOUS SEARCH
FOR THE LOWEST
TOTAL EXPECTED COST

SEPARATION OF
FUNCTIONS
AND TRANSPARENCY IN
MANAGEMENT

ETHICAL MANAGEMENT
AND DEVELOPMENT
OF SUPPLIERS
AND SUB-CONTRACTORS

MINIMISATION OF
RISK ASSOCIATED WITH
PROCUREMENT
PROCESSES

CONTRIBUTION TO
CORPORATE GROWTH

1.1

**Regulatory framework,
decision-making bodies and
processes**

Supplier Code of Conduct

The **objective** of the **Code of Conduct for Suppliers** is to disseminate and promote responsible values and behaviour in the work and professional activity of supplier companies in their different areas of activity. These values are aligned with Redeia's Code of Ethics and Conduct.

Furthermore, the Supplier Code of Conduct considers the **Sustainable Development Goals (SDGs)**, to which the Company is committed, so that priorities and actions, both internal and with third parties, contribute significantly to their achievement.

The Code of Conduct for Suppliers formalises the **minimum ethical, social and environmental requirements** that all suppliers **must accept** (for their classification) **and comply with** (contractual documentation) in order to collaborate with Redeia, also assuming the commitment to extend it to their own supply chain.

Redeia's principles of conduct for suppliers, set out herein, are structured in three **blocks depending on the supplier's relationship with:**

- **Its employees and contractors.**
- **Redeia.**
- **The environment.**

Principles of conduct



redeia

Employees:

- Prevention of child labour
- Prevention of forced or coerced labour
- Prevention of physical and verbal abuse, or any other kind of bullying or harassment
- Equality and non-discrimination criteria
- Prevention of any kind of discrimination
- Respect for working hours
- Respect for minimum wages
- Respect for and promotion of human rights, with a focus on vulnerable groups.
- Guaranteeing freedom of association, the right to organise and collective bargaining
- Adoption of training, dissemination and awareness-raising measures for the Code of Conduct.
- Safe and healthy workplace
- Guaranteeing physical and mental health
- Security and well-being.

Redeia

- Respect for regulations and legislation
- Avoiding conflicts of interest
- Preventing wrongful business practices
- Preventing bribery, corruption and unethical practices
- Protection of internal, confidential or secret data and information

Environment:

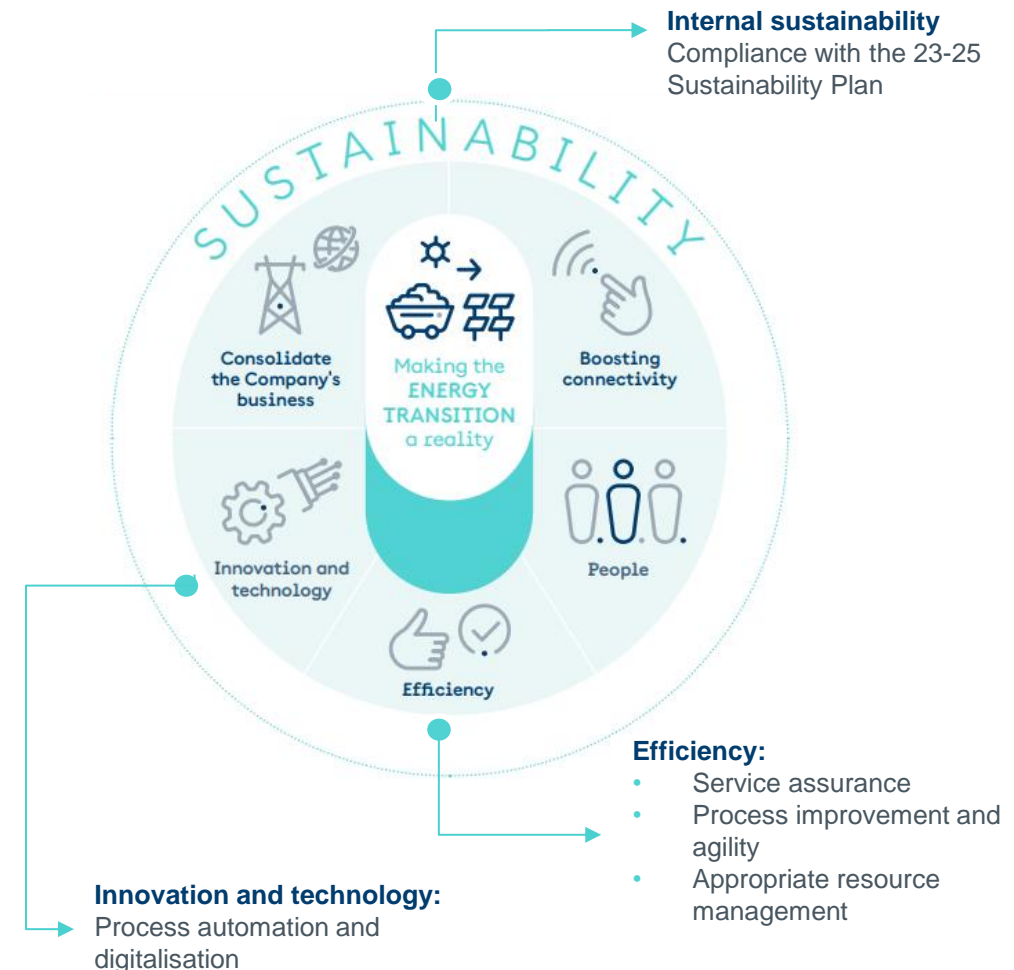
- Efficient use of resources
- Promoting energy savings
- Integration of preventive measures to avoid or minimise contamination
- Integration of preventive and corrective measures against impacts on biodiversity
- Integration of circular economy criteria
- Application of environmental criteria in procurement and supplier monitoring.

Supply chain principles and priorities

In accordance with the Management Model, the Supply Chain Policy establishes the following as principles for the relationship with our suppliers:

- Apply the **ethical values of respect, integrity and sustainability** that Redeia assumes in its responsible business model to the supply chain.
- Ensure that Redeia's suppliers commit to and **comply with the established business requirements** and technical standards and **incorporate into their value chain the responsible behaviours** in their relationship with their employees and contractors, with Redeia and with the environment that are established in the Code of Conduct for Suppliers.
- Foster strategic and ongoing relationships with suppliers for mutual benefit, ensuring the availability of effective channels of interaction.
- Promote efficient communication, collaborative environments and the **development** of suppliers in those areas that allow them to evolve into strategic partners of Redeia for the creation of value.
- Ensure **rapid identification and mitigation of risks** to provide assurance, agility and resilience to the supply chain.
- Promote continuous improvement of supplier performance by establishing contractual mechanisms and enabling appropriate communication channels to encourage this practice.

Priorities in the supply chain for compliance with the principles in the context of the Strategic Plan:

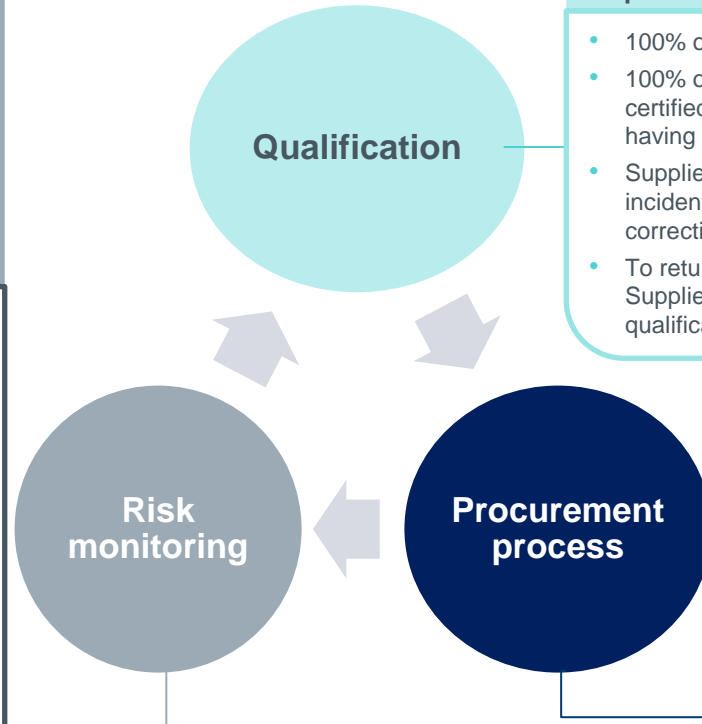


Process for sustainable management in the supply chain

Once qualified, suppliers are monitored to obtain a complete and updated sustainability risk assessment. The status of suppliers can be changed at any time due to incidents or major non-conformities resulting from audits.

- 100% of supplies monitored for risks: business, financial and due diligence.
- 100% of strategic purchases⁽ⁱ⁾ with ESG monitoring. Evolution of the risk management model to achieve 100% portfolio monitoring.
- 100% compliance with the annual social audit plan for higher-risk suppliers.
- **2025 development focus:** Evolution of the risk management model to achieve a 360-degree risk view for 100% of the portfolio. Defining minimum risk levels for qualification and participation in purchases.

Each of these sub-processes is periodically audited, both internally by Redeia auditors and externally by independent auditors, to confirm correct compliance with the defined controls.



To be qualified, suppliers must initially accept Redeia's Code of Conduct and meet the minimum requirements for each supply (including ESG requirements).

- 100% of suppliers accept the Supplier Code of Conduct.
- 100% of qualified suppliers for recurring supplies with potential ESG impact meet the minimum requirements: having certified Management Systems (ISO 14001, ISO 9001, ISO 45000/OSHAS 18001); being a Special Employment Centre, having a diversity plan, etc.
- Suppliers may have their qualification status modified or be removed from the classification system (disqualification) due to incidents with impact (including ESG-related incidents), or the identification of non-conformities that, after implementing a corrective action plan with defined timelines, have not been resolved within the specified period.
- To return to their initial qualification status, suppliers must demonstrate compliance with the established corrective actions. Suppliers removed from the classification system (disqualified) may, after the established time, reapply for the complete qualification process.

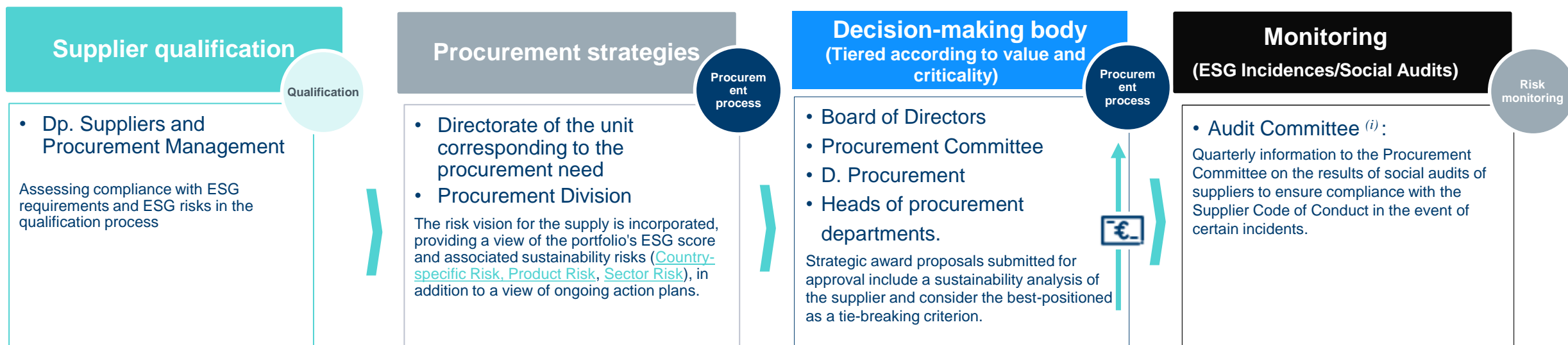
Only qualified suppliers can participate in purchasing processes. Suppliers must adhere to the sustainability conditions and requirements established in the contractual documentation. For strategic purchases, sustainability positioning can act as a tie-breaker.

- 100% of the successful bidders are qualified suppliers.
- 100% suppliers accept conditions established in the contractual documentation that include ESG criteria: a) [The Redeia Supplier Code of Conduct](#); b) [The Guarantee Policy](#); c) [The General Terms and Conditions of Contract \(GTC\)](#).
- 100% of successful bidders in strategic purchasing processes⁽ⁱ⁾ have passed the requirement of achieving an ESG score threshold of 50%. If the threshold is not met, the supplier is notified to take improvement actions before the process begins. If the supplier fails to meet the threshold within the established period, they would remain in the classification system but could not be awarded the contract.
- 100% of processes where there was a tie between suppliers were decided based on the supplier with the best sustainability positioning.
- The 10 equipment supplies with the greatest impact on the transmission grid have been incorporated into the sustainable purchasing project, in addition to a service (11 supplies in total). Studying their life cycle analysis (LCA) and incorporating sustainability requirements into the purchase.
- For certain supplies with higher impact the procurement decision includes TVO (*Total Value Ownership*) analysis that incorporates ESG aspects.

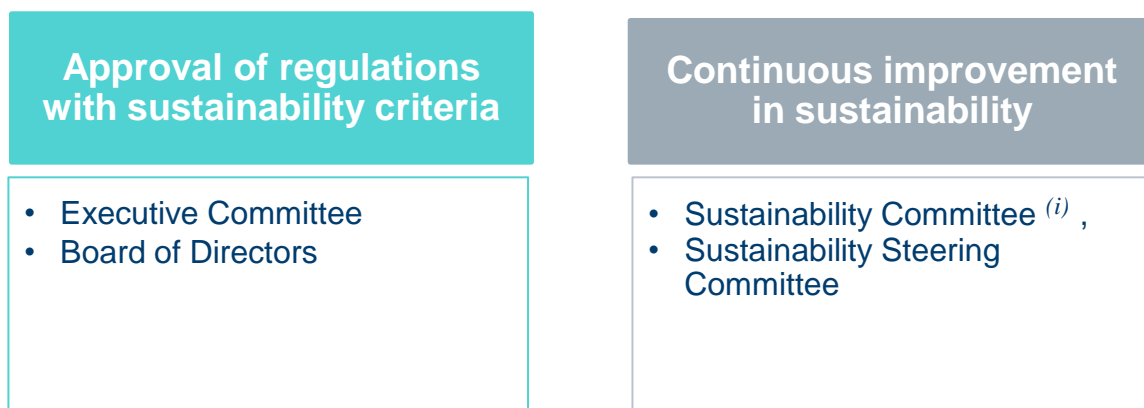
⁽ⁱ⁾ Strategic purchases: Purchases exceeding €2M

Decision-making

The established organisational structure ensures that the sustainable supply chain management model is properly implemented.



Continuous improvement in sustainability



Sustainability monitoring and control

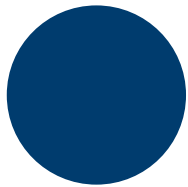


⁽ⁱ⁾ The specialised committees facilitate the Board of Directors' decision-making on certain matters, to which they submit reports and proposals.

- Audit Committee: 4 directors and 1 secretary.
- Sustainability Committee: 3 directors and 1 secretary.

1.2

**Levers for continuous
improvement**



2021-2025 Strategic Plan

Board of Directors Approval



2021-2025 Strategic Plan



2030 Sustainability Commitment

Board of Directors Approval



Commitment to sustainability



2023-2025 Sustainability Plan

Board of Directors Approval

Generation of objectives aligned with the SDGs, with two levels of application: to 2025 and to 2030. Applicable to Supply Chain:

- Being a driver of change for our suppliers.



- Reduction of emissions



2023-2025 Sustainability Plan



Contribution to the SDGs 2024



ESG programme

Procurement Committee Approval

Progress made in 2024:

- Sustainable Procurement Model
- Supplier Programme
- Supply Chain Security Model
- Review of the Due Diligence Model
- Strengthening of the Social Audits process
- Action plan: Supplier Perception Survey

2023 ESG Programme



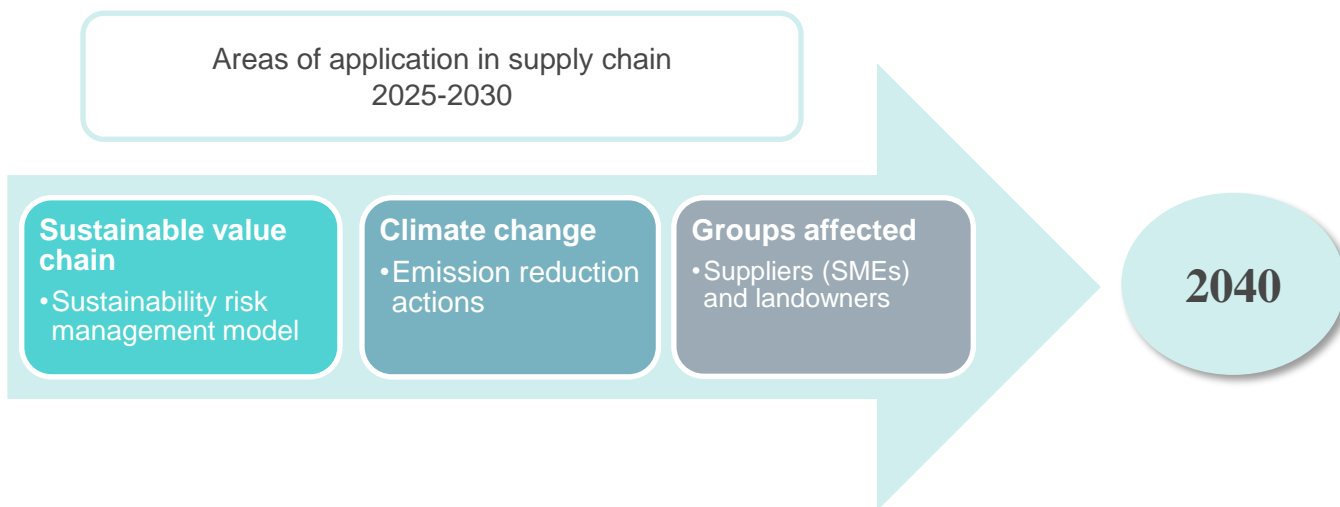
Levers for Continuous Improvement 2024: Double materiality study

Designing the new Sustainability Plan based on the 2024 Materiality Study

Supply Chain

- ✓ For the design of the new 2025-2030 Sustainability Plan (with a vision towards 2040), Redeia carried out an adaptation of its **double materiality analysis** in 2024 to meet the requirements of the new **European Sustainability Reporting Standards (ESRS)**, included in the Directive 2022/2464 on corporate sustainability reporting (CSRD). Materiality is reviewed annually and validated by the Sustainability Committee. This double materiality analysis has made it possible to identify the relevant topics, sub-topics, and sub-sub-topics for Redeia with a dual focus: identifying relevant sustainability issues for Redeia that affect its value proposition, performance, position, and outlook (an outside-in perspective, or financial materiality) and/or that have an impact on people, society, and the environment (an inside-out perspective, or impact materiality).

As part of **continuous improvement**, after identifying the **material aspects** in the Supply Chain, those **with potential negative impacts** are considered for **minimisation**.



Material topics in the Supply Chain

Topic	Sub-topic	Sub-sub-topic	Type of impact
Workers in the value chain	Working conditions	Secure employment	Negative
	Working conditions	Health and safety	Negative
	Other labour rights	Child labour	Positive
	Other labour rights	Forced labour	Positive

23-25 Sustainability Plan. Commitment to a responsible value chain.

Approved by the Board of Directors on 25/10/2023

Being a Driver for Change

2030

At least **25** supplies with a major impact on the transmission grid with circularity criteria (ACV), climate change, security, diversity and biodiversity.



2025

At least **10** supplies with a major impact on the transmission grid with circularity criteria (ACV), climate change, security, diversity and biodiversity. **Achieved in 2024.**

2024

A total of **11** new supplies with the greatest impact on the transmission grid have been incorporated into the **Sustainable Procurement Model**. A **Life Cycle Analysis (LCA)** was conducted for a total of **57** suppliers, incorporating sustainability criteria. **Objective achieved one year ahead of schedule.**

As a result of the fiscal year, the corresponding **Technical Specifications have been updated**, including a clause requesting sustainability information to be delivered per supply in the purchasing processes. Additionally, **sustainability requirements** have been incorporated into two supplies, related to the percentage of recycled steel in the equipment and safety requirements for the transport, control, and alert of SF6 gases.

2023

Incorporation of **4** key supplies into the **Sustainable Procurement Model** for ESG criteria, For a total of **15 suppliers**, of which 5 are among the top 20 suppliers with the highest economic volume executed in 2023.

2022

Generation of a **Life Cycle Analysis Model (LCA)**, incorporating aspects related to the carbon footprint, water footprint, climate change and circularity.

Reduction of emissions

28% reduction in Scope 3 emissions compared to 2019.



Suppliers representing **2/3** of emissions (**67%**) with SBTi* (compared to 2019).

2030

2026

2024

In 2024, **35%** of all suppliers have an SBTi target. Considering only the suppliers participating in the **Supplier Programme**, **55%** of the total already have science-based targets.

As main results of the **Supplier Programme**, the number of suppliers with a verified carbon footprint has increased to **18** (+3 compared to 2023), and the number of suppliers calculating scope 3 footprint has increased to **21** (+8 compared to 2023). The number of suppliers with science-based targets also increased to **15** (+5 compared to 2023).

Objectives of the Supplier Programme:

- To assess the climate change maturity of suppliers.
- To improve Redeia's scope 3 emissions data.
- To promote the adoption of SBT commitments by suppliers.
- To promote other initiatives aimed at reducing scope 3 emissions.

* SBTi targets (Science Based Target initiative): an initiative that provides science-based methods and tools to help organisations reduce greenhouse gas emissions.

Levers for Continuous Improvement 2024: ESG objectives and projects

Supply chain security model

Cybersecurity, information security and physical security.

2025

- Model implemented in **100%** of supplies requiring risk treatment. **Achieved in 2024.**

2024

- Implementation of **the model for 100% of supplies with moderate risk** (49% of the total portfolio). Considering actions from previous years and those of 2024, the implementation target is 100% in supplies with moderate, high, and very high-risk treatment, **achieving the objective ahead of 2025.**
- 1,821 suppliers** participating in **training and development** actions for already analysed supplies, focusing on risk minimisation, and with new supplies for their correct incorporation into the model.

Assessed maturity in security requirement compliance

62 %

2023

- Progressive roll-out of the model **reaching 163** affected supplies, prioritising the analysis of those with **procurement needs and very high or high risk.**
- 327 suppliers** participating in **training and development** actions.

2022

- Progressive roll-out of the model **reaching 163** affected supplies, prioritising the analysis of those with procurement needs.
- Supplier development and training action to raise awareness of the supply chain security management model.

2019-2021

- Definition of the in-house** supply chain security management model.
- Progressive roll-out of the model reaching **10 suppliers** identified as critical analysis

Due diligence in Integrity and human rights in the selection of third parties

In 2024, the **due diligence model** was reviewed for integrity and human rights for third parties in accordance with Directive (EU) 2024/1760 of 13 June 2024 on corporate sustainability due diligence and with best practices in this area.

1. Categorisation of third parties



Suppliers

2. Determination of inherent risk in integrity and human rights

Suppliers	Inherent Risk
Sanctioned country / prohibited activity	Contrary to the Code of Ethics and Conduct
Supplier and factory in high-risk country	High
Supplier awarded purchases reported to the Board of Directors	Medium
Other suppliers.	Low

3. Application of due diligence measures

Depending on the level of inherent risk:

- **Simplified consultation of the due diligence platform** for information on non-compliance, illicit conduct, or sanctions that may affect integrity or Human Rights (HR).
- **Social audit** of suppliers to verify the degree of compliance with Redeia's Supplier Code of Conduct or **Questionnaire on integrity and human rights**: A questionnaire to be completed by the third party, which includes aspects aimed at understanding the activity, background, internal control framework, programmes, and actions carried out in integrity and HR, among other issues.
- **Due Diligence**: Independent analysis carried out by the Compliance (integrity) and Sustainability (HR) area, or by an expert third party, to gain a deep understanding of the third party and its related parties.

Levers for Continuous Improvement 2024: Strengthening the social audit process

Social audit process

Objective

Review compliance of higher risk suppliers with the Supplier Code of Conduct:

- Suppliers of recurrent supplies that have defined minimum requirements
- With turnover > 10 kEUR in the last 3 years.
- With a high risk: in ESG, due to a high number of security incidents (internal platform) or due to complaints through the channels enabled in Redeia.

Implement-ation

On-site audits conducted by independent auditors, under international standards (SA8000) and/or through a **protocol validated** by the Achilles Community (REPRO) and checked by Redeia's Internal Audit Dept. for its alignment with the Supplier Code of Conduct.

Result

The result is **monitored**. Refusal to undergo an audit or failure to resolve detected major non-conformances⁽ⁱ⁾ in a timely manner may lead to a change in the supplier's qualification status for the supplies for which it is qualified at Redeia and prevent the supplier from participating in purchasing processes.

Strengthening the process

As part of the **2024 review of the Due Diligence Model** for integrity and human rights of third parties, aligned with Directive (EU) 2024/1760, the **audit process has been reinforced** as a **mitigation measure for country-of-location risk**:

- On-site audits are conducted for **100% of suppliers (7)** located in [high-risk countries](#) and their **factories**.
- They are executed **by independent auditors**.
- **100% of the audits are second-party**. They are carried out under international standards and verify the requirements established by Redeia (checklist) aligned with the European Sustainability Reporting Standards (ESRS) and derived from that used by the Achilles Community (REPRO).
- In case of **detecting major non-conformities**, after the resolution of the defined action plan, a **new on-site audit is conducted to confirm the proper implementation of the defined actions**.

	2024	2023	2022
Audited suppliers (85% of those planned)	60	52	64
Audit plan (2023-2024)	9	16	27
Audited through REPRO community	51	36	37
Suppliers with open major non-conformities⁽ⁱ⁾	14	3	16
Action plans defined for resolution of major non-conformities	23	12	29
Corrective actions resolved	32	22	22
Open corrective actions ⁽ⁱⁱ⁾	41	3	7

(i) Major non-conformity: An incident in compliance with the Supplier Code of Conduct

(ii) An action plan is considered open as long as a major non-conformity remains open.



Supplier Perception Survey

In 2024, more than 170 national suppliers, who mainly provide us with supplies for the transmission grid, have given us their overall assessment of supply chain management, with values higher than in the last two fiscal years. In the services section, **professionalism, credibility, impartiality, and the electronic invoicing and payment process with Redeia** were highlighted. As for opportunities for improvement, suppliers mainly raised requirements related to planning and scheduling, efficiency or agility in key processes, and better communication during the tender process.

Evolution of results	2024	2022	2020
Overall perception (Strength ≥ 8)	7.8	7.4	7.6

Action Plan

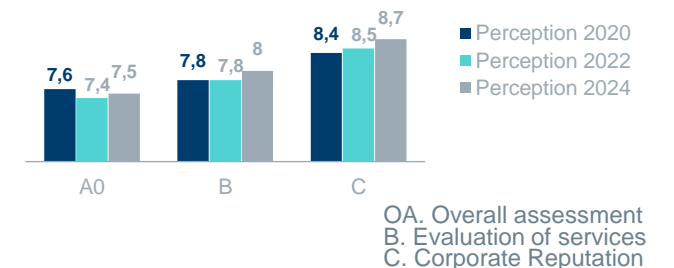
Based on the vision of supplier expectations and perceptions, Redeia generates an action plan for the purpose of continuous improvement that capitalises on the identified improvement opportunities, setting 2025 as the implementation date.

The three action points are as follows:

- Diagnosis and improvement of the process for defining, communicating, and monitoring plans and schedules that impact the operational relationship with suppliers. **(In progress)**
- Improving information throughout the tendering process.
- Improving the usability of platforms **(In progress)**

Once defined, the action plan is shared with a sample of participating suppliers to assess their level of satisfaction, both with the results report and the proposed improvement plan. In 2024, 95% of this sample responded that they were very satisfied or satisfied with the study, and 100% were very satisfied or satisfied with the proposed improvement plan.

Evolution of perception values 2020-2022-2024



Levers for Continuous Improvement 2024: Internal development in sustainability

For the process to be carried out with maximum guarantees, **training and awareness programs** have been set up in the sustainable management of the supply chain:

- Integration plans with each new recruit.
- Attendance at specific forums (AERCE; CPOnet; webinars and forums given by specialised companies).
- Continuous review of the internal operating regulations of the Procurement Division, which documents the processes for their standardised execution.

Specifically, **in 2024**, the following specific training actions have been carried out for:

- 100% of staff associated with supply chain processes have participated in:
 - Training for Redeia personnel on cybersecurity and information protection; and on due diligence and sustainability in the supply chain.
 - Dissemination of the Sustainability Plan 2023-2025 and analysis of the impact on the functions associated with the supply chain.
 - Dissemination of the *Corruption and Fraud Prevention Guide*: Zero tolerance and impact analysis on supply chain functions.
- Sustainable procurement training developed by CPOnet for staff with a procurement function.
- The Procurement Directorate, with support from Dp. Compliance, has carried out internal awareness training for the Redeia units that have been delegated the purchase of some supplies. The objective was sustainable supply chain management, with a focus on data protection and its associated responsibilities (2 sessions).
- A 1-day training session on sustainability was attended by 100% of employees with functions in the supply chain (qualification, purchasing, procurement, and logistics management).
- "Reconecta" Programme for the reintegration of personnel returning from long-term leave. Review of updates in processes, procedures, or information media, including the field of sustainability.

Levers for Continuous Improvement 2024: Supplier development and training actions

Table of actions 2022-2024

Since 2022, embracing the use of technologies, all training actions promoted by the Procurement Directorate have been carried out with internal resources, with no associated cost, and in collaboration with other areas for the promotion and development of training and dissemination sessions for suppliers.

Forum / Performance	Contents	Year	Participation/Assessment
Meeting on Electricity Planning 2021-2026	Transparency for suppliers regarding more strategic supply needs and the challenges we face	2022	88 participants from 61 supplier companies (rating 9/10)
Forum on Supply Chain Security	Presentation of the model methodology, possible data security, physical and cybersecurity requirements for risk mitigation.	2022	68 participants from 58 supplier companies (rating 8/10)
Human Rights Training Session	Future regulatory development, as a complement to the 2021 training programme with the United Nations Global Compact.	2022	329 participants in total from 152 supplier companies (rating 9/10). In 2022, 132 supplier companies participated.
Forum on the Classification and Qualification Process	To provide detailed information on the supplier classification and qualification process, the operation of the PRORED information support platform and to raise supplier awareness of the need to update information.	2021	180 participants (rating 9/10). All those enrolled (417 out of 361 supplier companies) were provided with supporting documentation.
Security model (information, physical, and cybersecurity)	Training and development actions for supplies with a focus on risk minimisation for already analysed supplies and on the correct incorporation into the model for new supplies.	Continuous since 2019	In 2024, 1,821 suppliers participated in training and development actions.
Annual face-to-face meetings with Redeia's most active suppliers	Director-level review of strategies, areas for improvement, and opportunities in all fields, including sustainability.	Continuous since 2020	In 2024, with 16 suppliers
Awareness sessions for suppliers on worker health and safety	Sessions on worker health and safety.	Continuous	In 2024: 1) electromechanical assembly and testing, with a total of 48 attendees from 23 different companies; 2) safety in Felling and Felling Supervision services, with a total of 26 representatives from 13 companies.
Collaborative programme for the reduction of the carbon footprint of the supply chain	Training on the subject for suppliers with a high level of emissions and training sessions to encourage suppliers to join the SBTi initiative.	Continuous since 2021	In 2024, sessions focused on the type of supplier and their maturity in this area for the 26 suppliers included in the programme.

In 2024, development and training actions have been carried out for a total of **809** unique suppliers, of which **123** are unique [key suppliers](#) (61% of the total number of key suppliers).

1.3

ESG risk and supply chain management

Global



During 2024, geopolitical instability has persisted. In addition to the wars in Ukraine and Gaza and the conflict in the Red Sea, there have been both regulatory and political changes that could lead to new trade restrictions, tariffs, etc., which, along with adverse weather events, have contributed to generating, if not major disruptions in Redeia's supply chain, then challenges to be faced that are expected to continue into the next year.

The participation of the Procurement Directorate in working groups has increased, where different TSOs share their vision and proposals for improvement related to common problems in the supply chain.

Power



In 2024, practically all the needs for goods and services included in the 2021-2026 Electricity Planning have already been awarded.

A new 5-year Planning is awaited.

Redeia



In this complex context, Redeia has focused on **ensuring supply, sustainably and by minimising risks**, to comply with the 2021-2026 Electricity Planning and to face the future one.

Recognising the importance of anticipating supplier market needs to avoid saturation and cost overruns, as well as addressing challenges related to new technologies and talent shortages, Redeia deployed a **global objective with 11 actions** in 2024 for the 25-30 timeframe to ensure supply.

COUNTRY SPECIFIC RISK

(Environmental, social or governance risks related to the political, social, economic, environmental or regulatory situation).

Minimisation actions

Geopolitical	<ul style="list-style-type: none"> No qualified suppliers or their factories are located in countries in conflict. Redeia's supplies do not correspond to those of the arms industry or other war industries.
Regulatory	<ul style="list-style-type: none"> Monitoring of new national or EU regulations that may affect the supply chain to comply with the corresponding requirements upon their entry into force. E.g.: Due diligence, carbon tax mechanisms, emissions, etc.
Establishment of business relationships with suppliers located in countries with potential risks regarding labour and social conditions.	<ul style="list-style-type: none"> No suppliers have their headquarters located in countries with integrity risk and the number of suppliers whose headquarters are located in countries with human rights risks has decreased to 0.3%. Ongoing monitoring from the beginning of the qualification process and for the duration of the activity. Control and minimisation mechanisms are established: Opening of incidents/Social audits/Action plans.

RISK SECTOR

(Risk related to the specificities of suppliers in the sector)

Minimisation actions

Critical components	<ul style="list-style-type: none"> The energy transition will require many materials, some of which use raw materials, including some considered critical. Redeia promotes the use of recycled materials where feasible and keeps a watchful eye on regulatory and fiscal aspects, evolution of demand and production capacity, and monitoring of specialised studies.
Supplier selection and market competition	<ul style="list-style-type: none"> Competition is encouraged: for 86% (363) of supplies the number of qualified suppliers is more than 3. The type of procurement (framework agreements, project-based procurement, etc.) is reviewed with a focus on efficiency and critical supplies.
Market share	<ul style="list-style-type: none"> 28 suppliers among all qualified suppliers (1.05%) are dependent on Redeia, in terms of turnover, of more than 70%. Continuous efforts are made to have an optimal supplier portfolio that incorporates competition.
Supply assurance	<ul style="list-style-type: none"> Strong competition to meet the demand for goods and services can lead to increased costs or supply chain incidents due to delays or longer delivery times, stock-outs. Initiatives for the incorporation of local suppliers and talent retention are promoted. Future needs for goods and services are displayed to suppliers on the corporate website, in order to facilitate their scope and management of manufacturing slots to meet the 2021-2026 Plan.

PRODUCT RISK

(Environmental, social, governance or other specific product-related criteria risk)

Minimisation actions

Technological constraints for certain equipment/materials

- Standardisation actions are carried out to make it easier to interchange equipment and materials.
- [Sustainable Procurement Model](#)
 - Update of Technical Specifications incorporating a request for sustainability information.
 - Incorporation of technical sustainability requirements in Technical Specifications.

Technological changes proposed by the manufacturer of certain equipment/materials

- For a supplier to be qualified to supply certain equipment and materials, they must pass an approval process.
- To anticipate and adapt to technological changes, we participate in trend-spotting forums and hold meetings with suppliers.
- Requirements are incorporated in the technical specifications to encourage the interchangeability of equipment and efficient designs.

Conflict minerals (Tungsten, Tantalum, Gold)

- Not applicable

Recurring suppliers for which ESG monitoring is carried out are segmented into **Key and Non-Key** suppliers:

Key Suppliers

- **Suppliers who provide Redeia with equipment, materials, services or works for critical processes⁽ⁱ⁾:**
 - Who have been contracted during the year under the following conditions:
 - Sole-source supplier due to technological reasons
 - Low competition: a) Fewer than 3 qualified suppliers; b) Only one market supplier; c) Receipt of 1 bid; d) Submission of only one technically valid bid
 - Recurrent services⁽ⁱⁱ⁾ with contracted amount > €1M
 - Suppliers ranked in the top 20 by amount of activity executed
 - Suppliers for key technology supplies
- **Suppliers with ESG risk (subject to social audit):**
 - Two or more ESG risks
 - Identification of potential non-compliance with the Supplier Code of Conduct

(i) Critical processes are understood to mean those directly related to the construction and maintenance of the transmission and telecommunications grid.
 (ii) Recurrent services are understood to be those that support critical processes (e.g: Engineering; IT support; supervision, waste management, etc.)

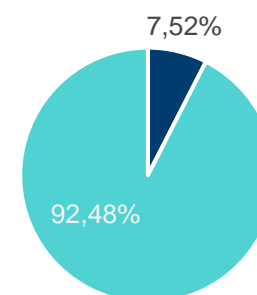
Monitoring of key suppliers

Key suppliers	2022	2023	2024
By critical processes	134	179	176
By ESG risk	27	26	31
TOTAL (Tier - 1)	158 (3 common)	198 (7 common)	201 (6 common)

❖ Additionally, adding the [key non-tier 1 suppliers](#), a total of **371** key suppliers is obtained (Key non-tier 1 suppliers: 181; Common suppliers: 11)

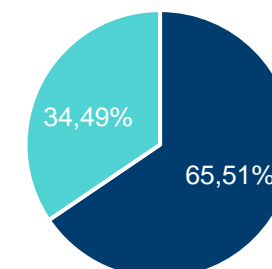
The annual upward trend in the number of key suppliers is linked to the growth of the supplier portfolio, as well as recent directives and regulations that adjust the definition of ESG risk.

Key supplier portfolio (%)



■ Key suppliers ■ Other suppliers

Executed amount with key suppliers (%)



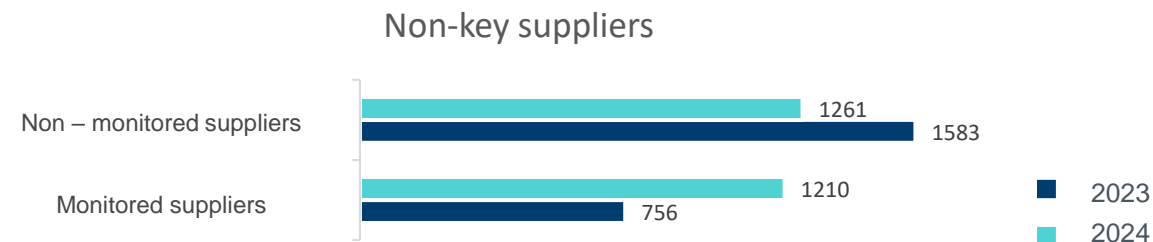
■ Key suppliers ■ Other suppliers

Non-key suppliers

- Suppliers with minimum qualification requirements:**

Suppliers for recurring supplies who are required to meet technical, environmental, safety or other requirements (that have not been considered significant).

Monitoring of non-key suppliers

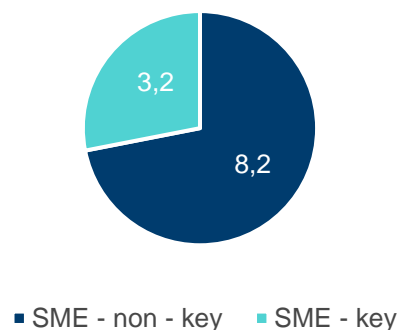


2024 with greater risk visibility compared to 2023

- Small and medium-sized enterprises (SMEs)**

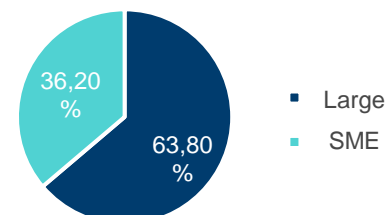
A large part of the supplier portfolio (excluding disqualified suppliers) is composed of SMEs (small and medium-sized enterprises).

Percentage of key SMEs (%)



Supplier portfolio by company size (%)

Accumulated data for 2022-2023-2024 for all companies, excluding Hispasat and Redinter's local purchases.



ESG risk monitoring

Environment

- Impact on biodiversity
- Impact on soil/water
- Climate change
- Air Quality
- Circularity/Waste generation
- Energy and water consumption
- Regulatory compliance
- Certified Management System

Social

- Occupational health and safety:
 - Workplace accident
 - Occupational diseases
 - Inadequate training/experience/information
 - Regulatory non-compliance in this area
- Promoting diversity, equity and inclusion
- Impact on the community

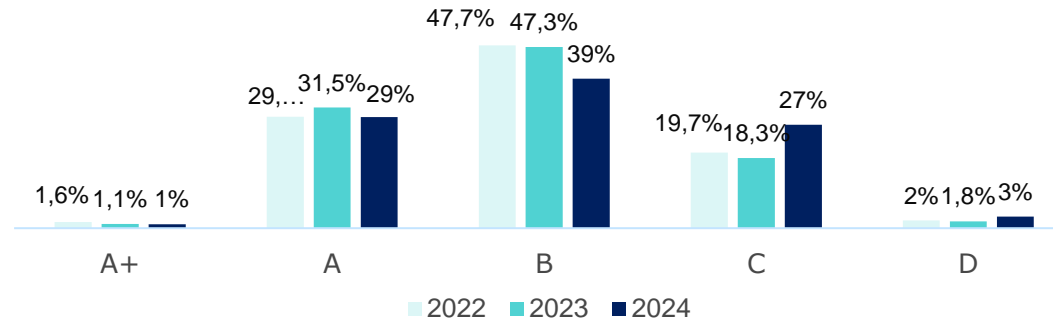
Governance

- Ethics and Compliance Corruption and bribery
- Appropriation/misuse of information
- Human Rights Violations
- Unethical remuneration
- Lack of commitment to society
- Non-compliance with relevant regulations
- Data protection, privacy and cybersecurity

Through its risk monitoring platform, Redeia monitors and controls its supplier portfolio in ESG aspects.

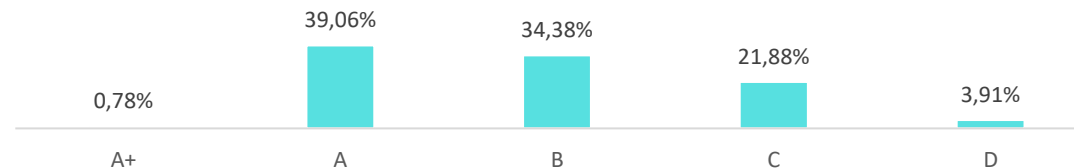
If any incidents are identified during this continuous monitoring of the supplier (qualification, purchasing strategy, awarding, contract follow-up, continuous monitoring), their qualification status may be modified, potentially leading to their disqualification (removal from the classification system). **In 2024, the qualification status of 5 suppliers was changed due to ESG non-compliance**, which did not result in their removal from the rating system.

Global ESG score



- In 2024, **77.50%** of suppliers monitored in ESG scored **between excellent (A+) and average (B)**.

Global ESG score - Key suppliers

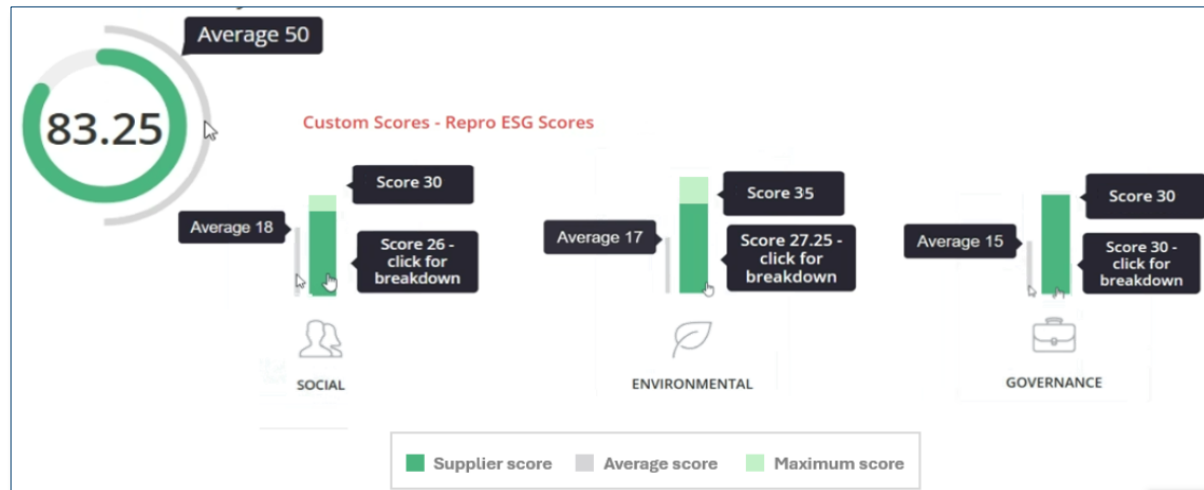


- **74.22%** of key suppliers monitored in ESG scored **between excellent (A+) and average (B)**.

ESG risk monitoring

Supplier monitoring process

Redeia continuously monitors its suppliers through the ESG risk management platform, which provides a **comparative view of their positioning on ESG aspects or areas** in relation to the average of the registered suppliers. This benchmark evaluation against peers is also **visible to the supplier**. This platform also serves as a document repository for the supplier, which includes documentation of the supplier's certificates.



- Complete view of ESG Risk, with visibility of strengths, weaknesses, and risks associated with the supplier.
- Comparative view with the average of other companies on the platform.
- ESG Score view and comparison with the average, visible to suppliers.
- Alerts for document expirations.



2025 Improvement Project: Integrated Risk Management Model

In 2024, the project to improve risk management and control began, generating an **Integrated Risk Management Model**. It includes the following improvements, which are expected to be implemented throughout 2025:

- Implementation of the Integrated Risk Management Model, in which the supplier can view their own evaluation by ESG area, They can compare it with their peers. The supplier can access the platform and freely obtain this information about their positioning.
- Integrated risk management will provide a 360-degree risk view, offering a complete vision of all risks associated with the supplier portfolio in a single information point.
- Risk view for 100% of the supplier portfolio.
- Capacity to manage and control risk, handling incident management and social audits from the same platform.
- Agile use of data.

Environment

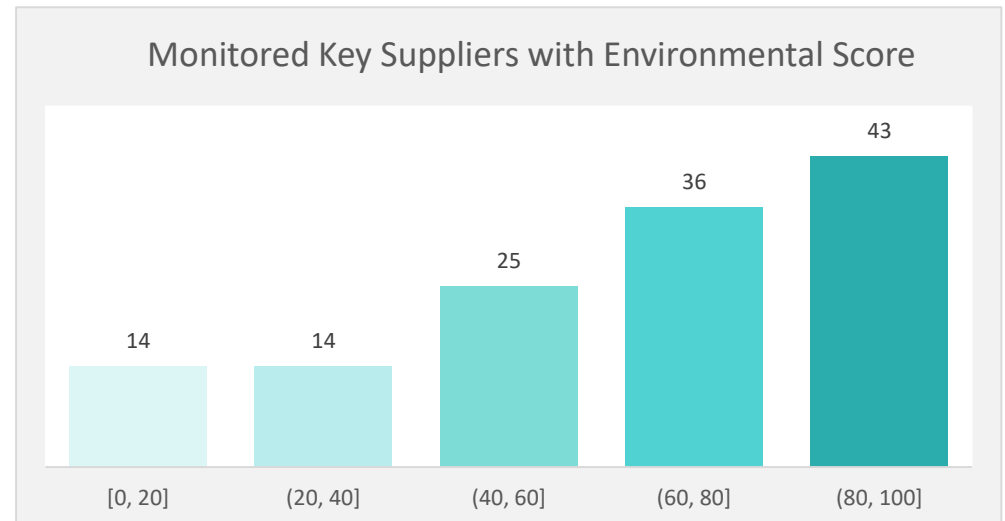
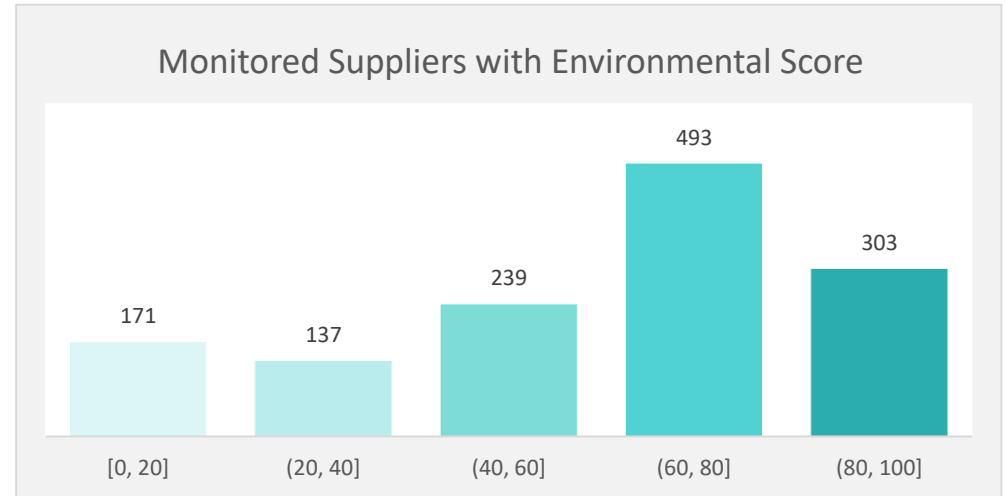
Supplier portfolio evaluation:

- ✓ In 2024, **69.8% of suppliers** monitored on environmental aspects **comply with over 50% of the requirements.**











Key suppliers evaluation:

- ✓ In the case of **key suppliers**, this degree of compliance is **70.7%**.

- Degree of compliance with environmental requirements:



Environment

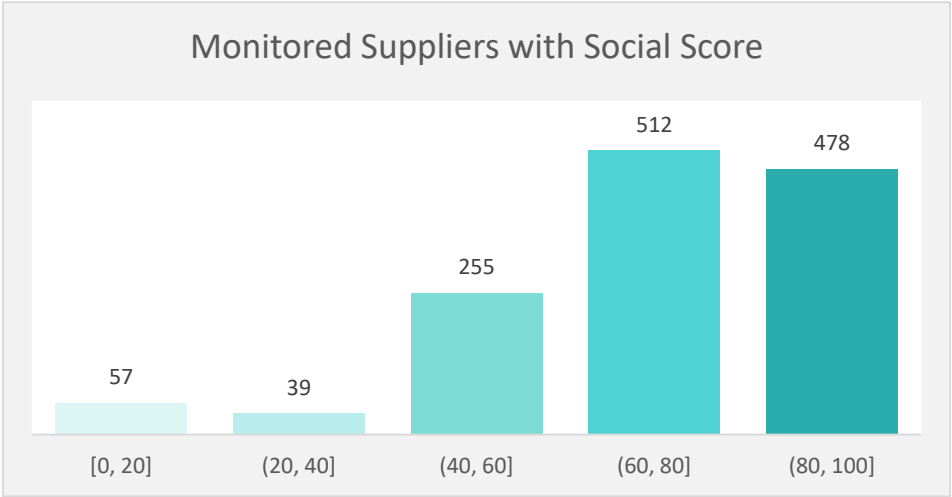
	Control action	Risk minimisation strategies / Achievements	Useful links
	Sustainable procurement model for the incorporation of ESG criteria , which guarantees compliance with current commitments in this area.	<ul style="list-style-type: none"> ➤ In 2024, circularity criteria were incorporated into 10 key supplies (57 suppliers), accounting for 66% of the calculated emissions. Including sustainability requirements in 2 supplies: <ul style="list-style-type: none"> ○ Inclusion of a minimum requirement in the technical specification of 75% recycled steel in Electrical Support equipment ○ Inclusion of requirements in technical specifications for the control and management of SF6, relating to: <ul style="list-style-type: none"> ➢ Leaks during the warranty period ➢ Transport of equipment with N2 instead of SF6 gas ➢ Pre-alarm in large compartments, improving control 	 Sustainable procurement model
	Circularity: Roadmap for the Circular Economy 2030	<ul style="list-style-type: none"> ➤ As one of the biodiversity protection measures, wood and cardboard packaging is required to have FSC or PEFC certification. 	Circular Economy criteria 
	Collaborative programme for the reducing the carbon footprint of the supply chain	<ul style="list-style-type: none"> ➤ Training through the Supplier Programme, defining 4 training levels depending on the supplier's maturity: <ul style="list-style-type: none"> ○ Support in calculating and verifying scope 1 and 2 emissions (6 suppliers) ○ Support in calculating scope 3 (13 suppliers) ○ Detailed SBTi training (11 suppliers) ○ Workshops on scope 3 and supply chain (8 suppliers) 	Collaborative programme for carbon footprint reduction 
	Real estate assets	<ul style="list-style-type: none"> ➤ Information to the Sustainability Dept. for the calculation of the Group's carbon footprint in buildings occupied by the Redeia group, both owned and rented. ➤ Incorporation in the purchase deeds of a clause relating to the environmental declaration of the land, which states that no potentially polluting activity has been carried out on the land subject to the purchase. 	
	Logistics	<ul style="list-style-type: none"> ➤ Continuation of the calculation of emissions related to internal logistics for the Carbon Footprint calculation at the company level. Continuing the focus on planning efficient delivery routes. 	
	Incident control	<ul style="list-style-type: none"> ➤ In 2024, 127 incidents were managed, of which 81 were opened during the year, for a total of 87 suppliers. Four of them had an environmental impact, with an action plan implemented for all of them; as a result, one supplier was removed from the classification system. 	 Social Audits

Social

Supplier portfolio evaluation

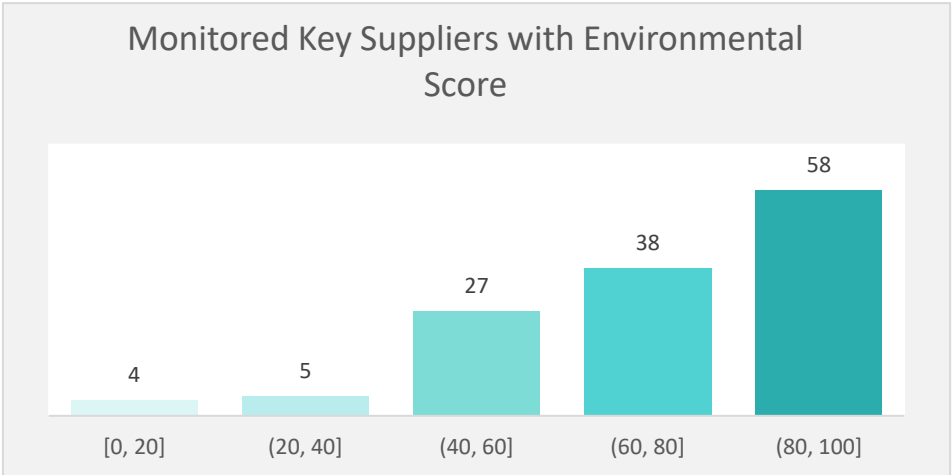
✓ In 2024, **86.8% of suppliers** monitored on social aspects **met more than 50% of the requirements**.

• Degree of compliance with social requirements:



Key suppliers evaluation:

✓ For **key suppliers**, this level of compliance was **89.5%**.



Social

	Control action	Risk minimisation strategies / Achievements
✓	Occupational health and safety	➤ For supplies affecting health and safety, the supplier must have ISO 45001 or equivalent certification.
✓	Social Impact	➤ Annually, Redeia measures the impact derived from its operations. In the supply chain, Redeia measures the environmental impact associated with the use of raw materials in the electricity transmission infrastructure, which largely stems from the emissions generated throughout their life cycle. The management of these materials at the end of their useful life is key, which is why a comprehensive vision is adopted that considers both the origin and the destination of the materials used.
✓	Promoting diversity, equity and inclusion	➤ Certain supplies are provided by one of the 70 suppliers registered as a Special Employment Centre (CEE) , increasing the number of CEE suppliers in the portfolio by 12 compared to 2023.
✓	Promotion of local suppliers	➤ 94.1% of the economic volume executed by Redeia in 2024 was carried out by suppliers from the European Union, compared to 94.2% in 2023 and 92.3% in 2022.
		➤ In 2024, 88.14% of the economic volume executed in Spain was carried out by suppliers based in Spain (compared to 86% in 2023 and 82% in 2022). The economic volume executed in Chile corresponds 99.73% to companies from Chile. Likewise, 97.11% of the economic volume executed in Peru corresponds to local purchases.
✓	Ethics and compliance channel	➤ Used for queries or reports of malpractice or irregularities with own employees or subcontractors.
✓	Incident control	➤ In 2024, 127 incidents were managed, of which 81 were opened during the year, for a total of 87 suppliers. Three had an impact on occupational health and safety, two of which resulted in changes to the supplier's qualification status, with both being removed from the classification system.

[Ethical channel](#)



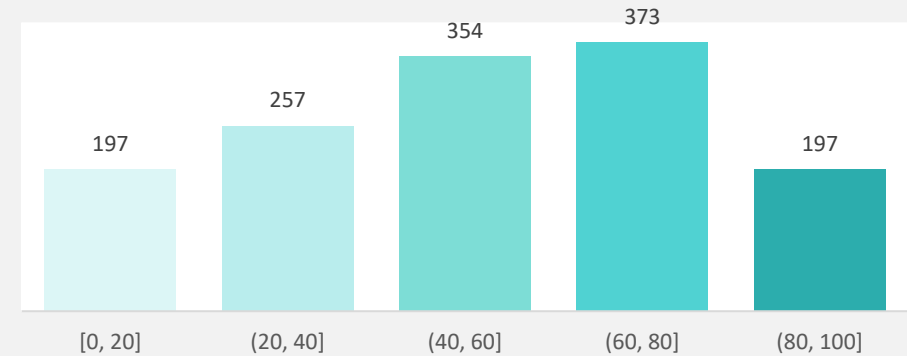
Governance

Supplier portfolio evaluation

- ✓ In 2024, **58% of suppliers** monitored for governance aspects met more than 50% of the requirements.

- Degree of compliance with social requirements:

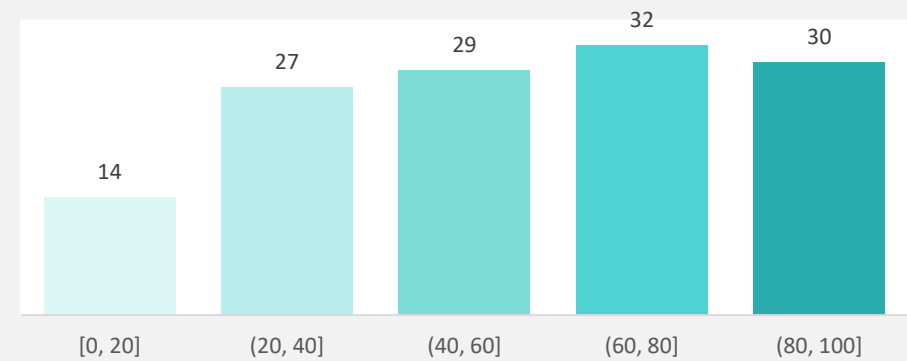
Monitored Suppliers with Governance Score



Key suppliers evaluation:

- ✓ For **key suppliers**, this level of compliance is **57.4%**.

Monitored Key Suppliers with Governance Score



Governance

	Control action	Risk minimisation strategies / Achievements
	Compliance	<ul style="list-style-type: none">• In general, as stipulated in Redeia's Third Party Integrity and Human Rights Due Diligence Guidance:<ul style="list-style-type: none">○ The inherent risk of 100% of companies that begin the qualification process at Redeia is assessed using a specialised market tool to identify incidents related to ethics and integrity (sanctions, unlawful conduct, etc.).○ Recurrent suppliers are assessed on criminal, privacy and cybersecurity aspects.
	Incident control	<ul style="list-style-type: none">• In 2024, 127 incidents were managed, of which 81 were opened during the year, for a total of 87 suppliers. Three suppliers had an impact on ethics and integrity, one of which resulted in the supplier being removed from the classification system (disqualification).

Due Diligence

i

Governance

Assessment of key aspects

In recent years, Redeia has focused on monitoring two specific aspects in the field of governance:

Integrity and human rights risks

	2022	2023	2024
Integrity score below 30 points according to the Transparency International index	0 (0%)	0 (0%)	0 (0%)
Human Rights score below 6.5 according to Human Freedom Index (Cato Institute)	20 (0.9%)	12 (0.5%)	7 (0.3%)

In the last two years, none of the suppliers in countries with integrity risks have been identified and the number of suppliers in countries with human rights risks have decreased from 0.9% to 0.5%.

Control and risk minimisation actions:

- On-site audit of 100% of the planned suppliers (7) located in high-risk countries and their factories. Conducted under international standards (SA8000) and through a protocol validated by the audit community. Redeia's Internal Audit Dept. has verified the protocol's alignment with the Supplier Code of Conduct.
- New on-site audits are conducted in case of major non-conformances to confirm the proper implementation of the defined actions.
- No qualified suppliers or their factories are located in countries in conflict.
- Redeia's supplies do not correspond to those of the arms industry or other war industries.

Social Audits



Security model in the supply chain: Cybersecurity, information security and physical security.

A proprietary model whose objective is to adequately manage the security risks associated with Redeia's procurement. Annual supply risk analysis (Occurrence-Impact).

199
49%

Service activities requiring risk treatment out of total Redeia supplies

62 %

Average compliance with security requirements by evaluated suppliers

100%

Complete implementation.
Implementation of the Model in 100% of activities with very high and high risk.

Control and risk minimisation actions:

- 1,821 suppliers participating in training and development actions: a) Dissemination campaign for the "Handling of non-public information at Redeia" with feedback and reinforcement based on the level of knowledge; b) Training on the degree of implementation of the security model; c) In-person awareness day on Industrial Cybersecurity for suppliers with access to equipment and systems; d) Publication of key results on the Redeia website.
- Compliance with the NIS2 Directive (European regulation in the field of information security, aimed at guaranteeing the provision of essential services by protecting the confidentiality, integrity, authenticity, and availability of information networks and systems) is being analysed, Ahead of its transposition into Spanish law.

Security model in the supply chain



Non-tier 1 suppliers

Non-tier 1 key suppliers

*Subcontractors carrying out work during the year for an amount exceeding 100,000 euros	2022	2023	2024
Number	75	59	181
Indicator	8.4 %	4.82 %	11.20 %

As **control mechanisms**, Redeia limits the maximum % of subcontracting and we ensure that working conditions are suitable in the approval process.

Subcontracting authorisation



All suppliers, by accepting and complying with the [Code of Conduct for suppliers](#), which sets out the minimum ethical, social and environmental requirements, undertake to disseminate and promote responsible values and behaviour in the work and professional activities of supplier companies in their different areas of action in their value chain.

Figures

	2024	2023	2022	2021
Sub-contractor management				
Approved files	3214	2743	2049	1951
Companies subcontracted by suppliers	1593	1224	892	880
Average time taken to process authorisation dossiers	1.38 days	0.99 days	0.75 days	0.74 days
Amount subcontracted / Amount of orders subcontracted.	7.5 %	7.2 %	3.7 %	10.4 %

2.

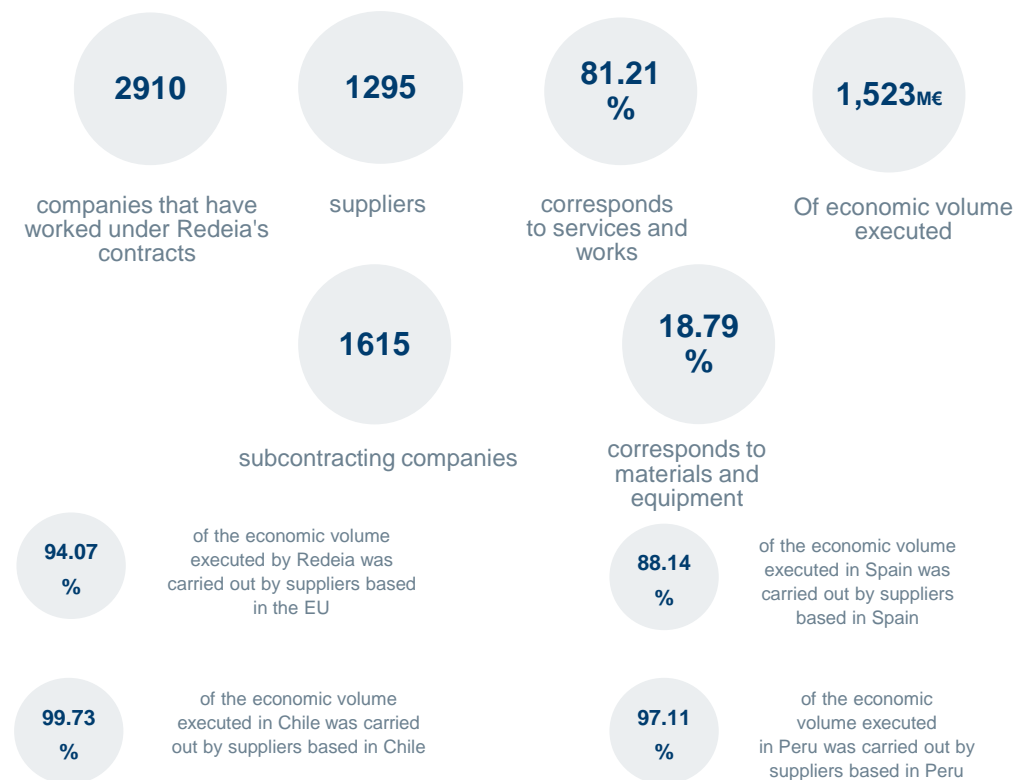
**Other supply chain
indicators (KPIs)**

Other indicators (KPIs): Suppliers as a source of value

Aware of the importance of having a good supplier for the proper management of our business, the company has improved communication at all levels, with transparency and closeness to the supplier in order to lay the foundations for a long-term partnership.

Procurement management begins with an appropriate selection of suppliers, which is why Redeia, as a contracting entity, has its own classification system and qualification process, to ensure that suppliers meet the business, technical, sustainability and integrity requirements demanded at all times.

Redeia's supply chain



Status of supplier portfolio (*)



(*) Not including Hispasat and Redinter (local purchase).

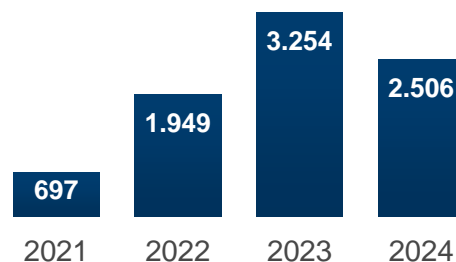
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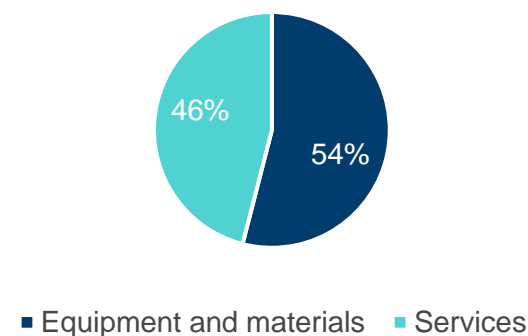
The scouting processes to expand the supplier market in materials and services where a need to increase competition has been identified are another action, Incorporating 25 suppliers into the portfolio for a total of 21 supplies.

Results of scouting processes					
	2020	2021	2022	2023	2024
Supplies	29	8	7	25	21
New suppliers	61	28	29	93	25

Annual evolution of acquisitions (€M)



Awards in 2024 by type of supply



Other indicators (KPIs): social and governance indicators

Other indicators for monitored and key suppliers

Sustainability training:

The organisation (supplier company) provides sustainability training for its employees

Monitored		Key
96.6 %	2024	97.8 %
88.8 %	2023	92.6 %

Compliance training:

The organisation (supplier company) ensures compliance training for its employees:

Monitored		Key
63.0 %	2024	61.3 %
55.8 %	2023	58.0 %

Workers with disabilities:

Average percentage of workers with disabilities:.

Monitored		Key
0.8 %	2024	0.3 %
1.6 %	2023	1.1 %

Female workers:

Average percentage of female workers:

Monitored		Key
22.7 %	2024	28.1 %
25.4 %	2023	21.6 %



3.

Appendices

Incidents that can change qualification status

- Incidents are **opened** in PRORED as a result of ongoing risk monitoring, or at the request of the contract or order management unit, in accordance with internal regulations.
- Incidents are **analysed** independently of the management of each order/contract.
- Such action **does not, by default, imply changes in qualification statuses**.
- When an incident requires **action** to remedy the situation, the supplier may define an action plan to be agreed with GRE and validated by both parties. **The units that manage procurement are responsible for monitoring compliance with the contract or order and, if necessary, for agreeing a plan with the supplier.**
- Taking the correct actions** to resolve the incident will lead to its closure or, if not, to changes in the qualification status, in accordance with the provisions of the internal regulations.
- In addition, the application of financial penalties and, where appropriate, the early termination of the specific order/contract is assessed, in accordance with the provisions of the Contractual Documentation.

Modification of Qualification Status 2024	No. of Suppliers 2023	No. of Suppliers 2024
Warning	8	4
Suspension	4	14
Disqualification	2	7

Implications

Changes in qualification status	Continue with ongoing goods or services	Participate in new tenders	Be awarded contracts	Act as a contractor	Review at the level of: - Supplier - Qualified good or service
Warning	YES	YES	YES	YES	Once the deadline for remedying the situation has passed, a possible change of status will be assessed. Does not imply removal from the classification system. The supplier can participate in tenders and continue with ongoing contracts.
Suspension	YES	NO	NO	NO	A potential change in qualification status may be assessed before the established deadline if the situation is remedied, at the request of the purchasing unit and/or organisational unit Does not imply removal from the classification system. The supplier CANNOT participate in new tenders but will continue with its ongoing contracts.
Disqualification	NO	NO	NO	NO	Involves removal from the classification system due to serious impact. The supplier may not reapply for qualification until a set time has passed and must start the qualification process from the beginning and pass all requirements to regain its qualification.

redeia

Valuing the essentials

red eléctrica

reintel

hispasat

redinter

elewit