



Sustainable management of the supply chain

May 2024

1. Supplier ESG Program
 - 1.1. Regulatory framework, processes and decision-making bodies
 - 1.2. Levers for ongoing improvement
 - 1.3. ESG risks and management of the supply chain
2. Other supply chain indicators (KPIs)
3. Internal sustainability development and supplier action plan
4. Appendices



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 ESG Supplier Programme aims to identify, monitor and manage the sustainability risks related to our suppliers of goods and services.

This ESG Programme was submitted to the Procurement Committee* (as the body responsible for its supervision and approval) for approval on 19/04/2024 (record no. 257).

** Body presided over by the Chief Executive Officer and made up of the General Management, 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.*

General

Equal treatment

Non-discrimination

Mutual recognition

Proportionality and
transparency

Free competition

Legal 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 ongoing improvement

** Body responsible for approving the standard*

2021-2025
STRATEGIC
PLAN

** Board of Directors.
February 100*

OPERATIONAL
PROCUREMENT 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
SUPPLY
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.

The Code of Conduct for Suppliers formalises **the minimum ethical, social and environmental requirements** that all suppliers must accept and comply with 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

Employees:

- Prevention of child labour
- Prevention of forced or compulsory 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 rules and laws
- 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 pollution
- Integration of preventive and corrective measures to combat damage to biodiversity
- Integration of circular economy criteria
- Application of environmental criteria in procurement and supplier monitoring.

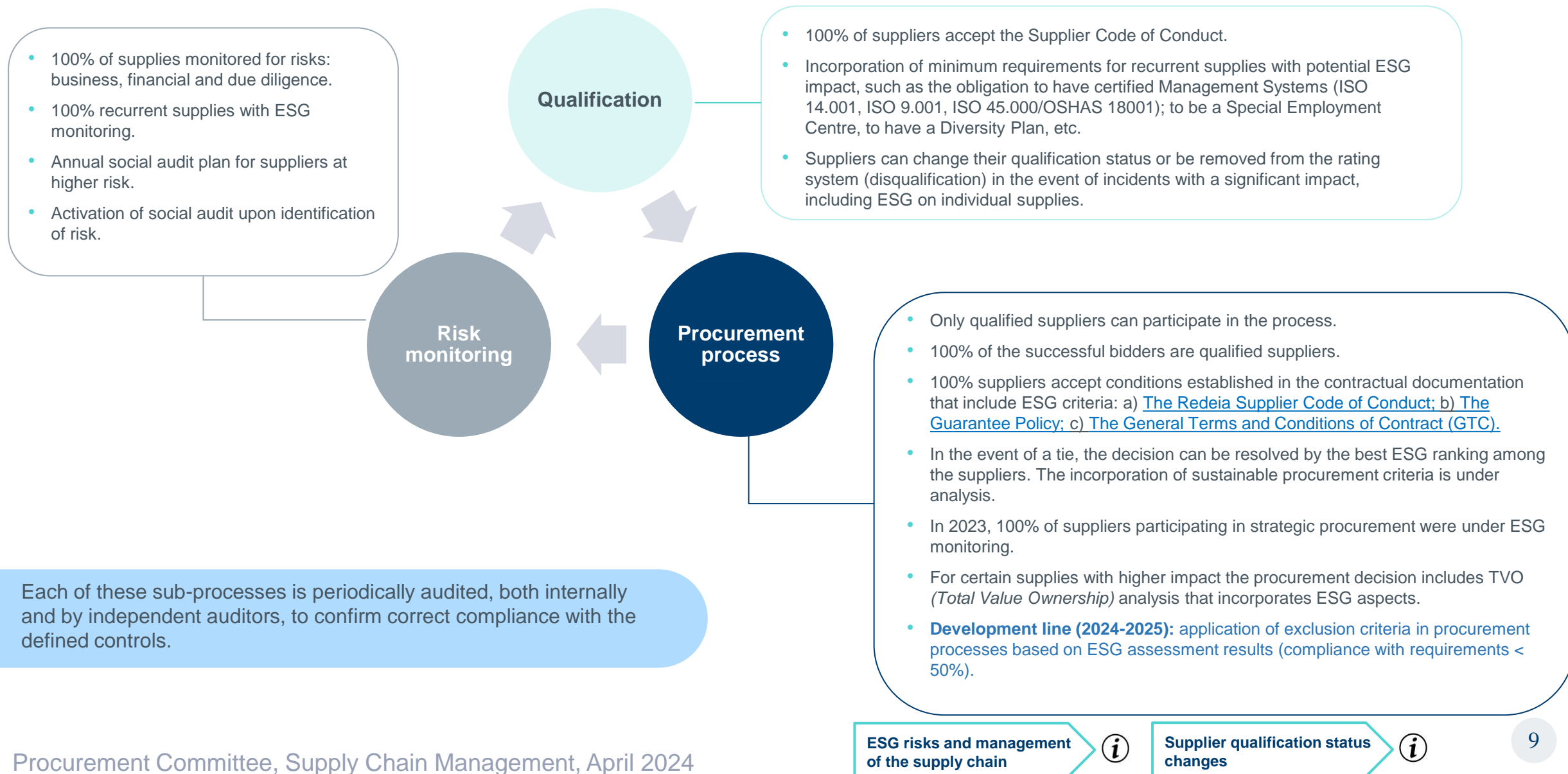
Supply chain principles and priorities

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.
- Commit and ensure that Redeia's suppliers **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 bring 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.

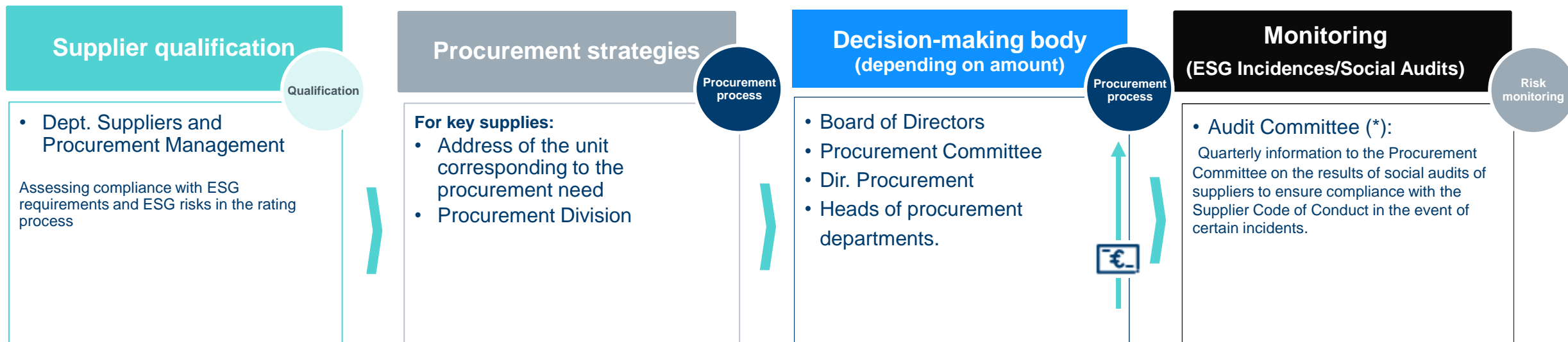
Priorities for compliance with the principles in the context of the Strategic Plan:



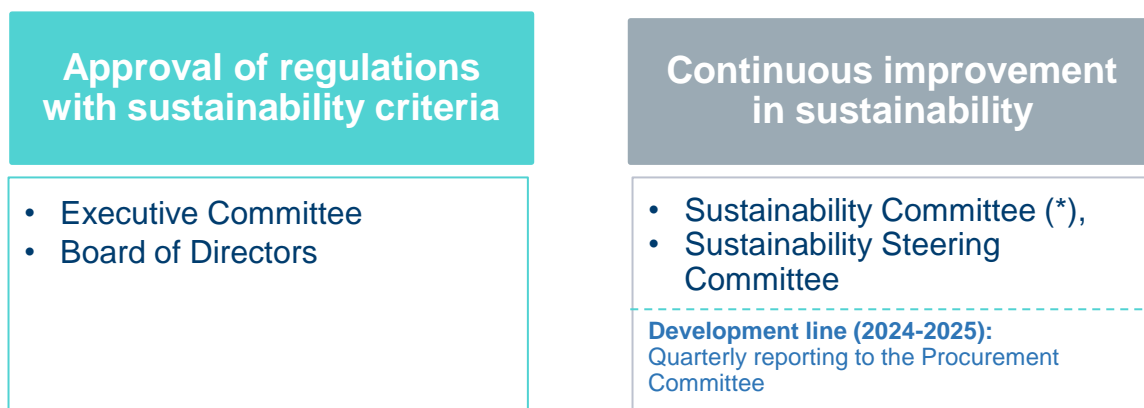


Decision-making

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



Continuous improvement in sustainability



(*) The specialised committees help the Board of Directors to take decisions on certain matters, to which they submit reports and proposals.

- Audit Committee: 3 directors and 1 secretary.
- Sustainability Committee: 2 directors and 1 secretary.

1.2

**Lever for ongoing
improvement**

Levers for Ongoing Improvement: Sustainability framework in Redeia

2021-2025 Strategic Plan



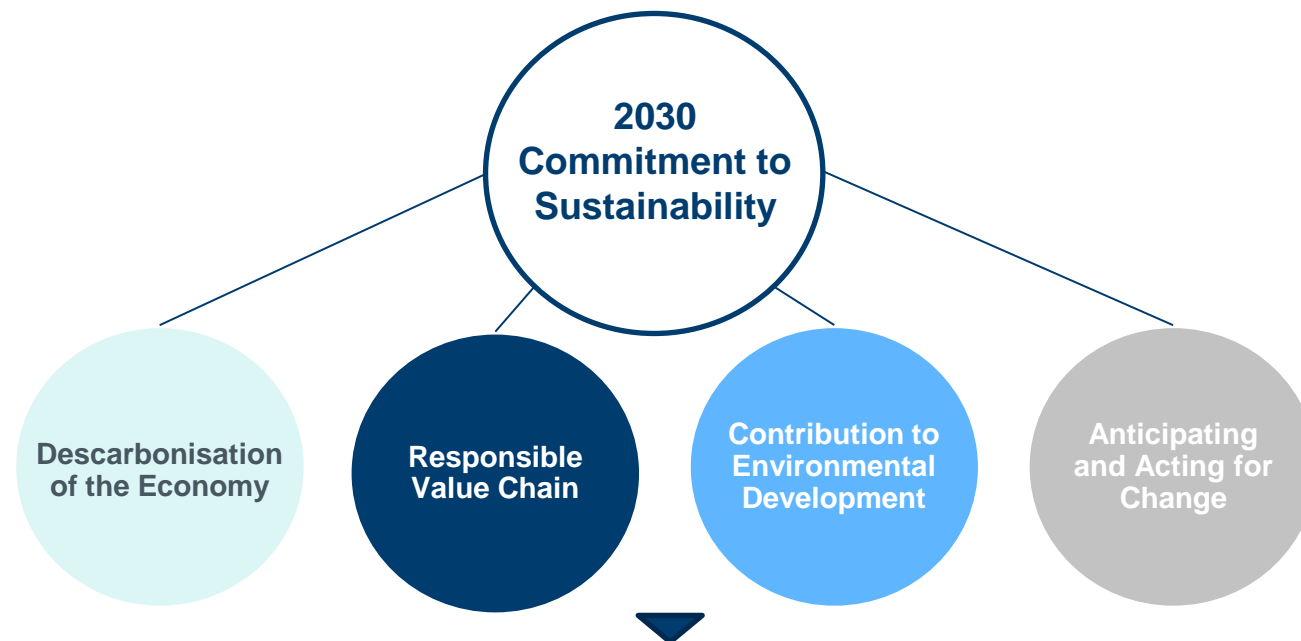
Enables Redeia's mission, vision and purpose.

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

2021-2025 Strategic Plan



Commitment to Sustainability

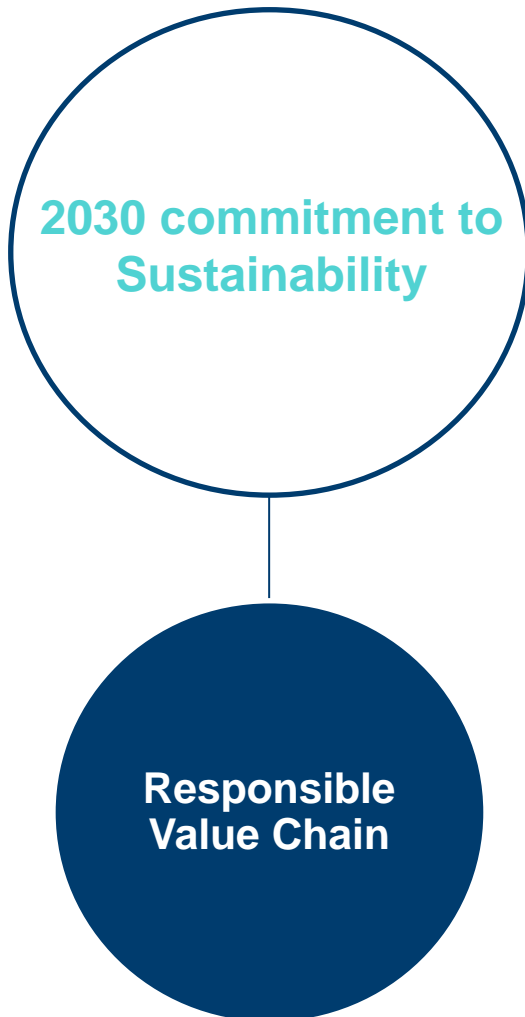


Approved in 2019 by the Governing Board.

This commitment demonstrates Redeia's support for long-term sustainability through a business model capable of **creating shared value for all stakeholders** through the responsible development of its activities.

Commitment to sustainability





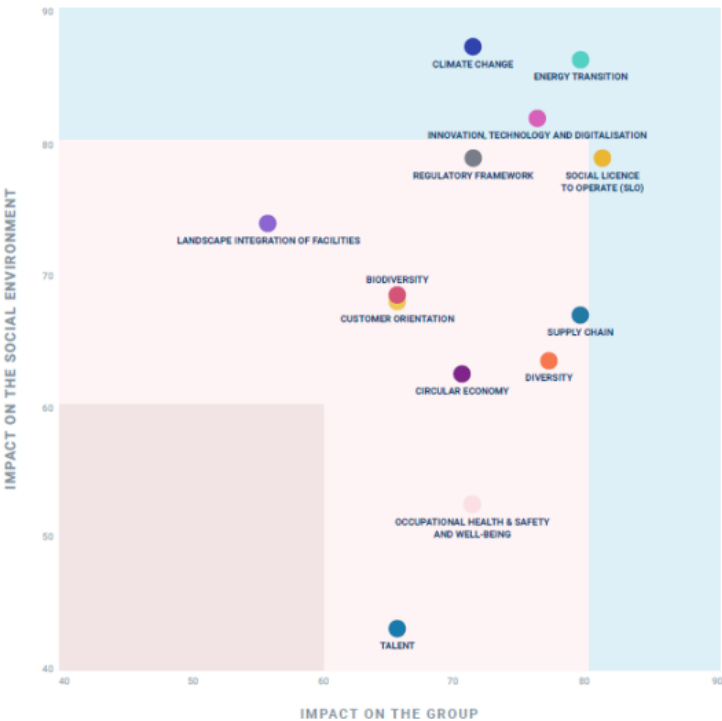
Purpose: Extend our commitment to responsibility to all links in the value chain, from our people to our **suppliers** and customers, by creating partnerships, underpinned by our governance and integrity model.

Levers for Ongoing Improvement: Sustainability Plan

Design based on the 2022 Materiality Study

Supply Chain

- The materiality study is a tool for analysis and reflection, to understand the group's internal and external **sustainability context**, and to identify and prioritise the material sustainability issues related to that context, involving stakeholders and taking into account their **expectations and needs**.
- With respect to the materiality study carried out in 2019, the supply chain remains a **high priority**, although both internal and external relevance is increasing. Given that there were no significant changes in trends, business model, etc. that could have an effect on the material issues identified, **a materiality review was not been necessary in 2023**.
- Relevant issues identified help to set objectives and actions for impact minimisation.



Relevant issues	Actions in 2023
<p>1. Supply chain risk. The globalisation of markets has extended the limits of company responsibility and has led to a change in the role of the supplier, who has become an essential element in the activity. Currently, there has been an increase in the systemic vulnerability of the world economy, which has turned supply chains into a risk factor that must be managed in order to ensure timely supplies, with sustainability requirements and price control to ensure the viability of purchases.</p>	<p><u>ESG Programme - ESG Risk Monitoring</u></p>
<p>2. ESG criteria in procurement. Promotion of sustainability criteria in management and decision-making in purchasing, giving special priority to the environmental footprint of materials and equipment, as well as compliance with ESG commitments by suppliers, rather than other criteria such as price.</p>	<p><u>ESG programme suppliers</u> <u>Global ESG risk mitigation actions - Sustainable procurement target.</u></p>
<p>3. Extension of ESG commitments to suppliers. Transfer of sustainability principles priorities, strategies and objectives to suppliers, focusing on areas such as health and safety, the environment, the fight against corruption and respect for human rights. Outreach is particularly supported by training and awareness-raising activities.</p>	<p><u>Supplier Code of Conduct</u></p>

Responsible value chain commitments Sustainability plan

Being a Driver for Change

2030

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



2025

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

2024

Incorporate **7** new supplies with a greater impact on the transmission network with criteria of circularity (LCA), climate change, safety, diversity and biodiversity.

Extend the **security risk management model** in the supply chain (cybersecurity, data security and physical security), carrying out risk mitigation actions in **100% of supplies with risk treatment (49% of total supplies)**.

2023

Incorporation of **4** key supplies in the sustainable procurement model for ESG criteria, for a total of 15 suppliers.

Implementation of the supply chain security risk management model in **77 supplies (40% of all supplies requiring risk treatment and 95% in very high and high risk supplies)**.

Reduction of emissions

28% reduction in Scope 3 emissions compared to 2019.

2/3 of suppliers (in terms of emissions) with SBTi ⁽¹⁾ approved (compared to 2019).

Continue to collect actual emissions data from suppliers whose emissions account for **2/3** of the emissions associated with the total number of suppliers.

The percentage of emissions from suppliers with approved SBTi was **9.6%**.

The percentage of emissions from suppliers covered by the programme in relation to the group as a whole is **42%**.

Emissions associated with the supply chain accounted for **89.7%** of total Scope 3 emissions.

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

Sustainable procurement model

2030

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

2025

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

2024

- 7 key supplies** are incorporated into the model (11 supplies in total). For a total of **57 suppliers**, of which 10 are among the top 20 suppliers to be certified in 2023.

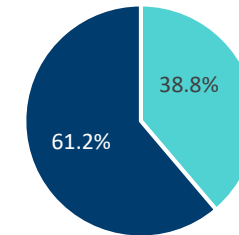
2023

- 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 to be certified in 2023.

2022

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

Amount certified in 2023 by suppliers included in the LCA Model



■ On target ■ Off-target

For the 57 suppliers included in the model (11 deliveries)

Incorporation of Redeia into the **TSOs Industrial Alliances Group**, at European level. Addressing issues on:

- Corporate Social Responsibility
- Analysis of the Life Cycle
- The Circular Economy

- Relevant information has been obtained for the calculation of CO2 emissions by supplier.
- This information has made it possible to analyse the **state of maturity** of the portfolio for each supply.
- **Requirements** have been identified in **2** of the supplies analysed.

Supply chain security model

Cybersecurity, information security and physical security.

2025

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

2024

- Implementation of **the model for 100% of supplies with moderate risk** (40% of the total).
- Actions to develop and train suppliers** of products already analysed with a focus on risk minimisation and with new supplies for their correct incorporation into the model.

2023

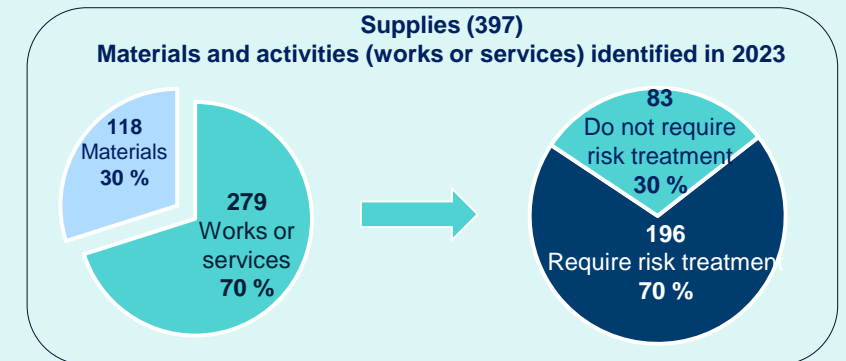
- Progressive roll-out of the model **reaching 163** affected supplies, prioritising those with very **high and high risk and procurement needs** in the analysis.
- 327 suppliers** participating in **training and development actions**: a) Dissemination campaign for the *Treatment of non-public information in Redeia* with feedback and reinforcement according to the level of knowledge; b) Training on the level of *implementation of the security model*.

2022

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

2019-2021

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



Social Audits

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.

Implementation

Audits carried out by **independent auditors** with a protocol validated by the Achilles Community (REPRO) and checked by the Dept. Redeia Internal Audits in alignment with the Supplier Code of Conduct.

Result

The result is monitored. Refusal to conduct an audit or failure to resolve major non-conformities detected in a timely manner may lead to a change in the supplier's qualification status for the supplies for which it is qualified in Redeia.

	2023	2022	2021
Audited suppliers (1)	52	64	35
By ESG risks identified ≥ 2	16	26	10
For possible non-compliance Code of Conduct for suppliers	0	1	1
For being audited at the request of other companies in the REPRO community	36	37	24
Suppliers with open major non-conformities	3	16	5
Action plans defined for resolution of major non-conformities	12	29	7
Corrective actions resolved	22	22	3
Open corrective actions ⁽¹⁾	3	7	4

(1) An Action Plan is considered an open Action Plan as long as any major non-conformities remain open.

Internal Customer



RELATIONAL FRAMEWORK

	2023	2022	2021
Service levels	29	29	29
Above the target value	29	26	27
Level 100	15	14	15
Level <100%.	2	2	4
Service not required	12	10	8
Below the target value	0	2	2
Below the limit value	0	0	2
No calculated value	-	1	0

In 2023, service levels stood at similar values to 2022.

The service level reached 85%, exceeding the target of 80%.

Interest Group Supplier



Supplier Perception Survey

The evaluation of the contribution made in 2022 (period 20-22) shows, with values very similar to previous years, **very solid bases in terms of collaboration, communication and exchange of information throughout the processes**, highlighting the experience and professionalism of its staff.

Evolution of results	2018	2020	2022
Overall perception	7.8	7.6	7.4
<i>Strength ≥ 8</i>			

Evolution of the Action Plan to 2023

Action	Degree of progress
Increased planning transparency by generating a recurrent process of updating and disseminating information to suppliers.	Completed
Dissemination of the usability of the IT platforms to promote knowledge of their functionalities and analysis of potential improvements that favour their use.	Ongoing
Strengthen communication and dialogue with suppliers by holding forums on various topics and meetings with key suppliers, identifying specific actions to work on collaboratively in the short/medium term.	Completed (Ongoing nature)

1.3

ESG risk and supply chain management

Chain



2023 was characterised by continued geopolitical instability that has continued to affect the supply chain. The protracted **war in Ukraine** has been joined by the war in Gaza, as well as insurgent attacks on merchant ships in the **Red Sea**. This latest conflict has led to disruptions and delays in commercial shipping.

Inflation has fallen and the **costs of the main raw materials** (steel, aluminium, copper, etc.) **have stabilised**. However, in the terms of services and construction, **collective agreements have incorporated the strong CPI increases of previous years**.

Power



Strong competition remains between TSOs and generators to cover the demand for supply required by the use of renewable energies, in compliance with **decarbonisation objectives**, both domestic (PNIEC 2021-30) and European (among others, with the promotion of marine renewables).

This has further aggravated bottlenecks in the **supplier market**, resulting in saturated factories with manufacturing slots committed for several years and **a shortage of skilled labour**.

Redeia



In this complex situation, Redeia has focused on securing supply, **in a sustainable way and has minimised risks to comply with the 2021-2026 Electricity Plan**. By the end of 2023, 71% of needs had already been allocated.

To achieve these results, a global objective was designed with 7 lines of action to be implemented throughout 2023, all of which have been 100% fulfilled.

Aware of the importance preparing the supply chain for the future, from 2024 onwards, work will be carried out on projecting needs to 2032.

COUNTRY SPECIFIC RISK

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

Geopolitical

- 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

- 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 relations with suppliers located in countries with potential risk in socio-labour conditions.

- 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 0.58%.
- For recurring supplies, ongoing monitoring is performed 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)

Critical components

- 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.

Choice of supplier in the market

- Competition is encouraged: for 13% (52) of supplies the number of qualified suppliers is less than 3.
- The type of procurement (framework agreements, project-based procurement, etc.) is reviewed with a focus on efficiency and critical supplies.

Market share

- 31 suppliers among all qualified suppliers (1.2%) 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.

Secure supply

- 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.

COMMODITY RISK

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

Technological constraints for certain equipment/materials

- Standardisation actions are carried out to make it easier to interchange equipment and materials.

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-free minerals (Tungsten, Thallium, Gold)

- Not applicable

Segmentation of suppliers for their monitoring

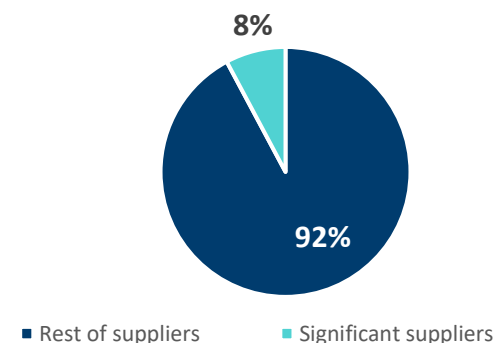
Recurring suppliers for which ESG monitoring is carried out are segmented into:

Key Suppliers

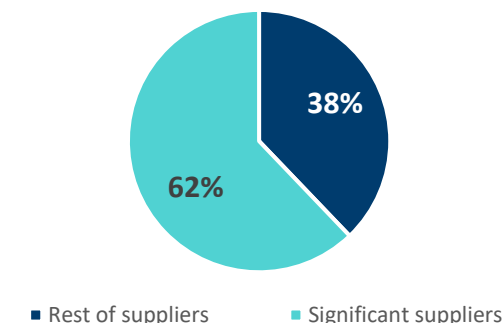
- Suppliers who provide Redeia with equipment, materials, services or works for critical processes (1):
 - Who have been contracted during the year under the following conditions:
 - Sole source for technological issues
 - Low competition: a) Fewer than 3 qualified suppliers; b) Only one market supplier; c) Receipt of 1 bid; d) Submission of only one technically valid bid
 - Recurrent services (2) with contracted amount > 1MEUR
 - Top 20 (suppliers with the highest certified amount)
 - 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

Key Suppliers	2022	2023
By critical processes	134	179
By ESG risk	27	26
TOTAL	158 (3 common)	198 (7 common)

Supplier Portfolio - Significance



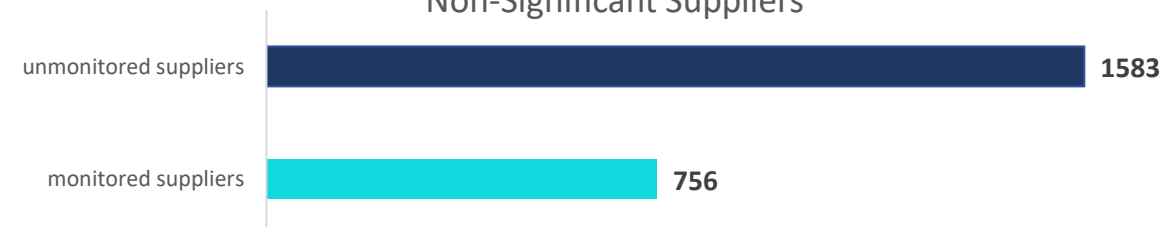
Certificate Amount - Significance



Suppliers with minimum qualification requirements:

Suppliers for recurring supplies that require compliance with technical, environmental, safety or other requirements (that have not been considered significant).

Non-Significant Suppliers



(1) Critical processes are understood to mean those directly related to the construction and maintenance of the transmission and telecommunications grid.

(2) Recurrent services are understood to be those that support critical processes (e.g: Engineering; IT support; monitoring, waste management, etc.)

Environment

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

Redeia continuously monitors recurring suppliers through the Achilles platform, which allows a comparative view of their positioning in ESG aspects, in relation to the average of registered companies.

If, during this continuous monitoring of the supplier (qualification, procurement strategy, awarding, contract monitoring), certain incidents are identified for reasons attributable to the supplier, its qualification status may be modified, even leading to disqualification (removal from the qualification system). **In 2023, the rating status of 3 suppliers was changed due to ESG non-compliance** and this supplier was not removed from the rating system.

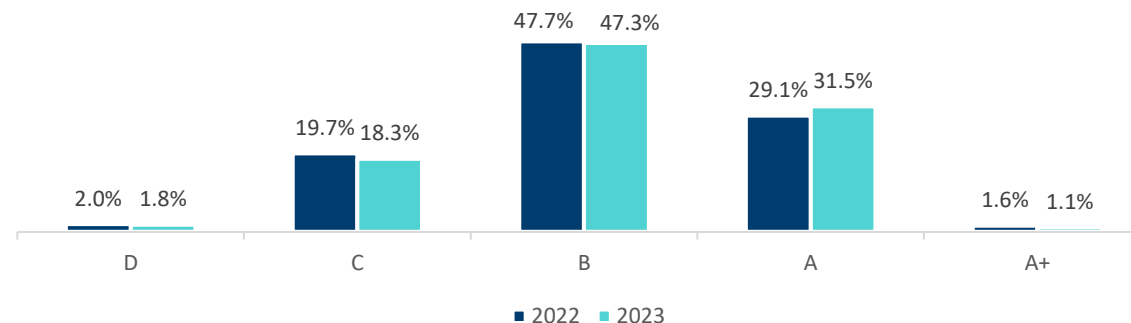
Social

- 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

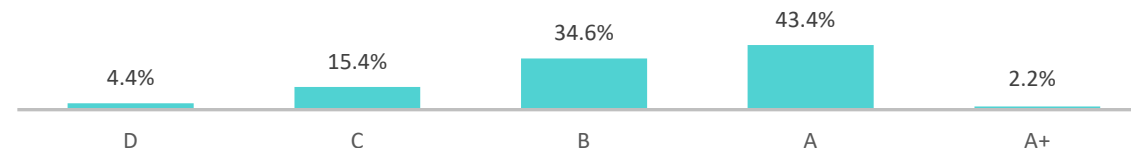
- Ethics and Compliance Corruption and bribery
- Appropriation/misuse of information
- Human Rights Violations
- Unethical remuneration
- Lack of commitment to society
- Non-compliance with relevant regulations
- Data protection, privacy and cybersecurity

Score ESG global



- In 2023, **80.3%** of suppliers monitored in ESG scored **between excellent (A+) and average (B)**. Exceeding 2022 results by 1.9%.

Score ESG global – Significant suppliers 2023



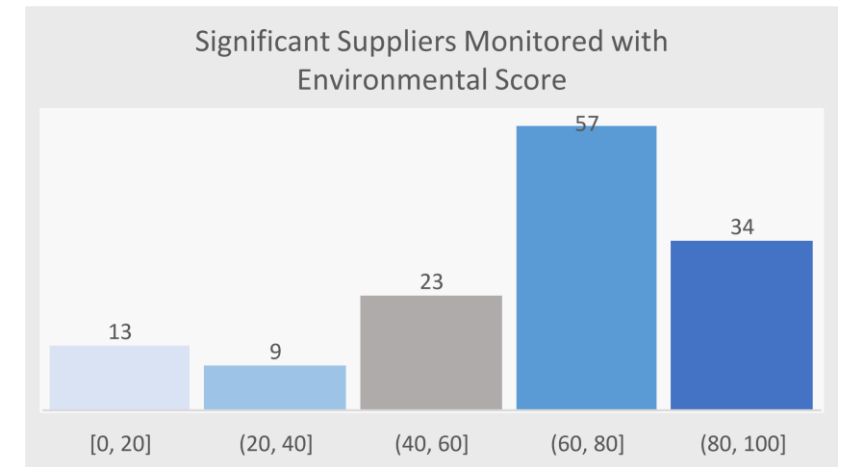
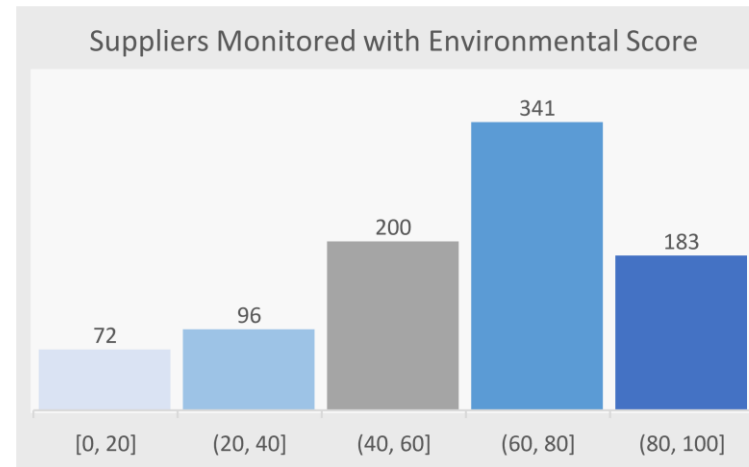
- **80.2% of key suppliers monitored in ESG scored between excellent (A+) and average (B).**

Environment

Assessment

- By 2023, 72.5% of suppliers monitored for environmental aspects meet more than 50% of the requirements.
- In the case of **key suppliers**, this degree of compliance is **78.6%**.

- Degree of compliance with environmental requirements:



Control and risk minimisation actions:

- Sustainable procurement model** for the incorporation of ESG criteria, which guarantees compliance with current commitments in this area. In 2023, circularity criteria were incorporated into **4 key supplies (15 suppliers), accounting for 66% of the calculated emissions**. In 2024, 6 new key supplies will be added.
- Circularity:**
 - The progress of the Circular Economy Roadmap 2030 should reach 40% for the supply chain, corresponding to the Life Cycle Assessment (LCA) analysis considered in the Sustainable Procurement Model. (Overall progress 38.9%).
 - As one of the measures to protect biodiversity, wood and cardboard packaging must be FSC or PEFC certified.
- Collaborative programme for the reduction of the carbon footprint of the supply chain:** Restarting meetings with suppliers (26) to gather information for scope 3 calculation and maturity analysis.
- Logistics:** CO2 emissions/€ delivered, from 10.11 Tn CO2/M€ in 2021 and 6.16 Tn CO2/M€ in 2022 to 5.37 Tn CO2/M€ in 2023. **This represents a 13% reduction in emissions in the last year and a 46.9% reduction in the last two years.**
- Of the 77 incidents opened in 2023 at 55 suppliers, 2 of them had an impact on the environment** and were closed without resulting in any change of status in the supplier's qualification for supplies.

Sustainable procurement model ⓘ

Carbon footprint calculation programme ⓘ

Circularity criteria ⓘ

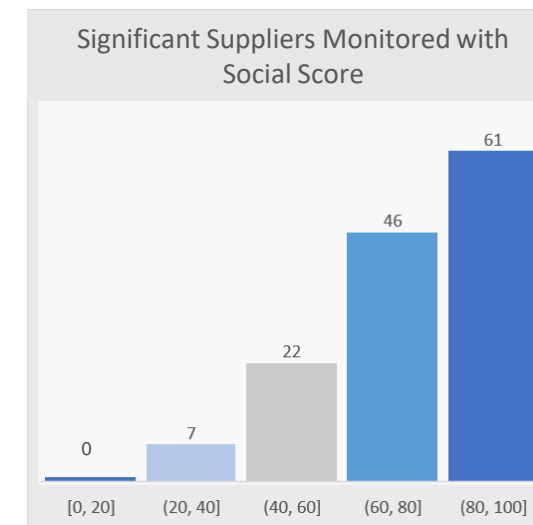
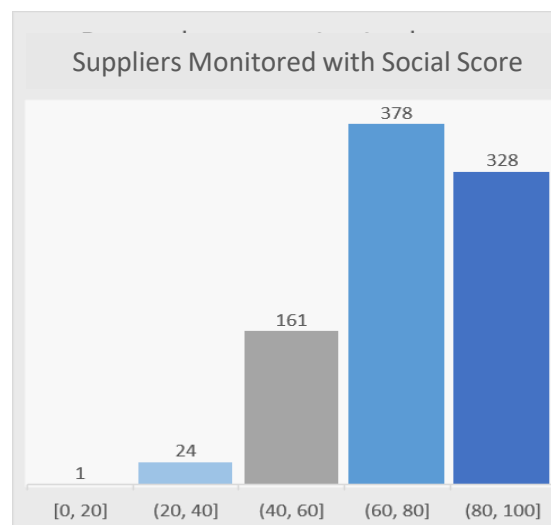
Social Audits ⓘ

Social

Assessment

- By 2023, **91.9% of suppliers** monitored on social aspects **met more than 50% of the requirements**.
- For **key suppliers**, this level of compliance was **89.7%**. No key supplier had a compliance level of less than 20%.

Degree of compliance with social requirements:



Control and risk minimisation actions:

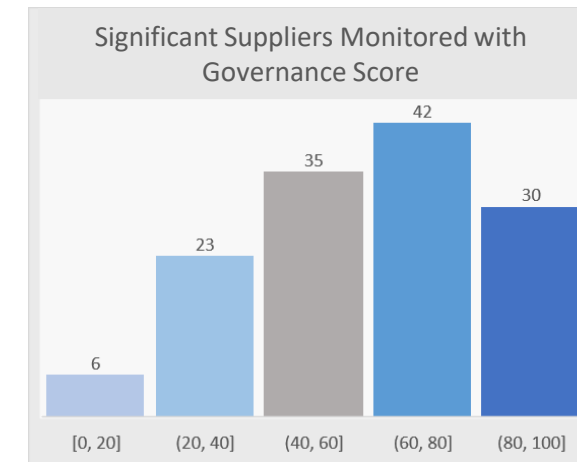
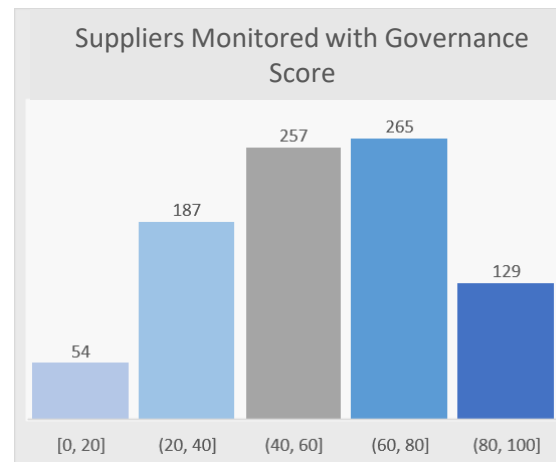
- Occupational health and safety**
 - For supplies affecting health and safety, the supplier must have ISO 45001 or equivalent certification.
 - An annual training and communication plan is created for suppliers on the subject.
- Promoting diversity, equity and inclusion**
 - Certain supplies are provided by one of the 58 suppliers registered as a Special Employment Centre (SEC).
- Promotion of local suppliers:**
 - 94.2% of Redeia's amount certified in 2023 was executed by EU suppliers, compared to 92.3% in 2022.
- 86% of the volume certified in Spain, by suppliers based in Spain, compared to 82.5% in 2022.
- Ethical channel** for queries or complaints of malpractice or irregularities with own employees or subcontractors.
- Of the 77 incidents** opened in 2023 at 55 suppliers, 3 affected occupational health and safety. All of these resulted in changes to the supplier's rating status, changing the status of 2 suppliers to "Undetected" and one supplier to "Blocked".
- 13 suppliers included in the 2023 social audit plan had at least one occupational health and safety risk. Therefore, none of the suppliers audited during the year have been removed from the classification system.

Governance

Assessment

- In 2023, **62.7% of suppliers** monitored for governance aspects **met more than 50% of the requirements**.
- For **key suppliers**, this level of compliance is **69.8%**.

- Degree of compliance with governance requirements:



Control and risk minimisation actions:

- Compliance:** in general, as stipulated in Redeia's Third Party Integrity and Human Rights Due Diligence Guidance:
 - 100% of the companies that start Redeia's rating process are assessed for inherent risk, 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.
- Of the **77 incidents** opened in 2023 at 55 suppliers, none had an ethics and integrity issue.
- 18 suppliers included in the 2023 social audit plan were at least at risk in terms of compliance. Therefore, none of the suppliers audited during the year have been removed from the classification system.

Training/Development



Social Audits



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
Integrity score below 30 points according to the Transparency International index	0 0%	0 0%
HR score below 7 according to Human Freedom Index (Cato Institute)	20 0.9%	12 0.5%

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:

- Activation of social audits for 5 suppliers in countries at risk in terms of human rights (none in 2022).
- No qualified suppliers or their factories are located in countries in conflict.
- In no case do Redeia's supplies correspond to those of the arms industry or other war industries.

Supply chain security model: *cyber security, 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) according to a 5-level scale: Very high, high, moderate, low, very low risk. The model is implemented for very high, high and moderate risk supplies.

196
49%

Service activities requiring risk treatment out of total Redeia supplies

77
95%

Activities with implemented model (very high and high risk)

72%

Average compliance with security requirements by evaluated suppliers

Control and risk minimisation actions:

- 327 suppliers participating in training and development actions: a) Dissemination campaign for the "Treatment of non-public information in Redeia" with feedback and reinforcement according to the level of knowledge; b) Training on the degree of implementation of the security model.

Non-tier 1 suppliers

Non-tier 1 key suppliers

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

As control mechanisms, Redeia limits the maximum % of subcontracting and we ensure that working conditions are adequate 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

	2023	2022	2021
Sub-contractor management			
Approved files	2,743	2,049	1,951
Companies subcontracted by suppliers	1,224	892	880
Average time taken to process authorisation dossiers	0.99 days	0.75 days	0.74 days
Amount subcontracted/Amount of orders subcontracted.	7.2%	3.7%	10.4%



2.

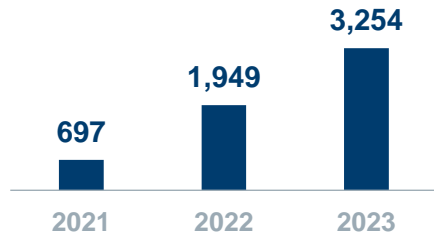
**Other supply chain
indicators (KPIs)**

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

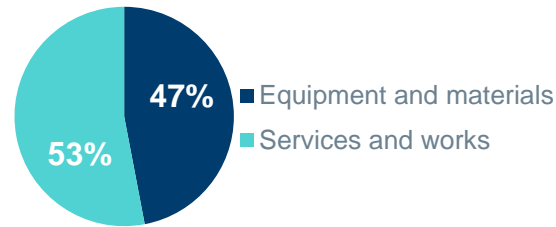
Aware of the importance of having a good supplier for the proper management of our business, the company has improved communication at all levels, with transparency and closeness to the supplier in order to lay the foundations for a long-term partnership.

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 always demanded.

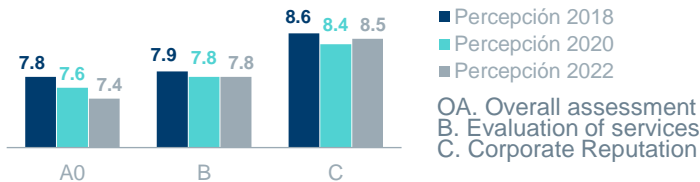
Annual evolution of acquisitions (M€)



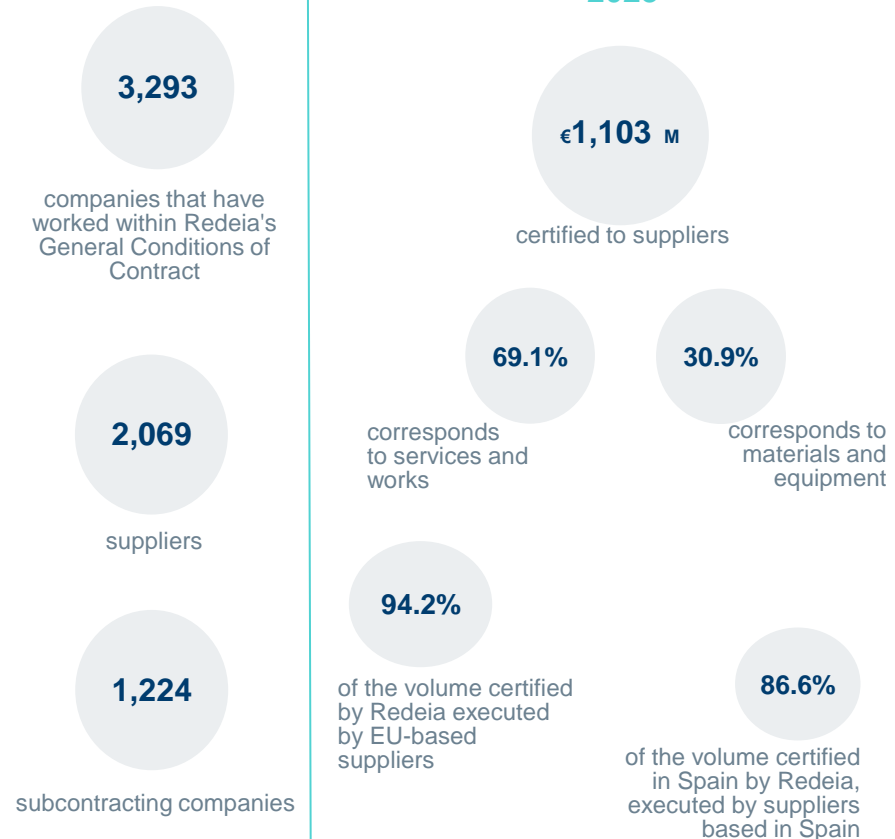
2023 awards by type of supply



Evolution of perception values 2018-2020-2022



Our supply chain in numbers 2023



Status of supplier portfolio (*)



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

Other indicators (KPIs): social and governance indicators

Other indicators for monitored and key suppliers

- Sustainability training:

The organisation provides sustainability training for its employees:



Monitored



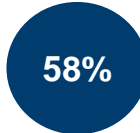
Significant

- Compliance training:

The organisation ensures compliance training for its employees:



Monitored



Significant

- Workers with disabilities:

Average percentage of workers with disabilities:



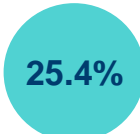
Monitored



Significant

- Female workers:

Average percentage of female workers:



Monitored



Significant

3.

**Internal sustainability
development and supplier
action plan**

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 fora (AERCE; CPOnet, etc.)
- Continuous review of the internal operating regulations of the Procurement Division, which documents the processes for their standardised execution.

Specifically, in 2023, the following specific training actions have been carried out for:

- 100% of staff associated with supply chain processes have participated in:
 - Training Redeia staff in cybersecurity and information protection.
 - 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 Dept. 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).

Table of actions 2020-2023

In 2022, as part of its commitment to the use of technology, all training activities promoted by the Procurement Division were carried out with its own resources, with no associated costs.

Forum/Performance	Contents	Year	Participation/Assessment	Additional information
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 policy development, complementing the 2021 training programme	2022	329 participants in total from 152 supplier companies (rating 9/10). In 2022, 132 supplier companies participated.	<div>Training and development</div>
Human Rights Training Programme. In collaboration with the Spanish Network of the United Nations Global Compact	Human rights management to help make suppliers aware of and understand the principles, the regulatory framework; provide examples for developing a human rights policy and scorecard of human rights indicators and a model for recording human rights complaints.	2021		
Diversity training programme. In collaboration with the Spanish Network of the United Nations Global Compact	Helping suppliers to integrate a culture of diversity and zero tolerance to any kind of violence or harassment, achieving true equal opportunities for all people under the framework of the 2030 Agenda, allowing us to transfer our vision, principles and approach to diversity to our suppliers.	2021 - 2020	508 participants from 233 supplier companies (rating 9/10)	
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.	
Dissemination of Circularity Criteria	Publication and communication campaign to the entire supplier portfolio on the circularity criteria.		100% suppliers (no valuation)	<div>Circularity criteria</div>
Regular sessions and webinars on a variety of topics	Calls to qualified suppliers for relevant supplies to address matters relating to: Safety in work on power lines and substations; use of specific information management platforms; cybersecurity, etc.	2023-2020	327 participants in the Security Model in 2023	<div>Security model</div>

The supplier as a protagonist

Scope	What we want	How we are achieving it	What we expect from our suppliers	Benefit for our suppliers
Environment: EMISSIONS	Integrate direct information into the calculation of Scope 3 emissions (1) and set ambitious commitments for Scope 3 emissions reductions	Continuing the ongoing project for the voluntary incorporation of suppliers	Active participation to develop or to define, in cases of higher maturity SBTi objectives (2)	Collaborative contribution with SDGs
Environment: CIRCULAR ECONOMY	Efficiency in procurement (securing supply through efficient stock and warehouse management).	Providing the best available transparency for medium- to long-term needs (Planning 23-25) Bringing efficiency to warehouses Encouraging reuse/recycling at end-of-life of equipment and materials	Positioning as a strategic partner to share vision of production capacities and delivery times of needs.	Efficient deployment of in-house capabilities to meet Redeia's needs
Environment: THE CIRCULAR ECONOMY	Reduce raw material consumption and prioritise the use of recycled, recyclable or reusable materials.	Promoting eco-design, innovation and technological development	A proactive approach communicating new initiatives and technologies	Collaborative contribution with SDGs
Social: TALENT SEARCH AND RETENTION	Boosting diverse talent as a lever for innovation and transformation, empowering people to maintain their employability and by establishing the necessary strategy for retaining critical talent	Through initiatives for the promotion of the local supplier portfolio, such as the incorporation of new suppliers or procurement by geographical area.	Proactivity in sharing initiatives or lessons learned in this area.	Increased employee satisfaction and increased quality of customer service.
Social. CORPORATE SOCIAL RESPONSIBILITY	Early identification of risks in the field of Corporate Social Responsibility, enabling action to be taken to minimise impacts.	Supplier monitoring in all ESG areas	Establishment of appropriate governance structures, processes. Registration in REPRO for proper monitoring and information support	Have an adequate ESG assessment to maintain Redeia's qualified status.

(1) Scope 3 emissions: Those coming from a company's value chain

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

The supplier as a protagonist

Scope	What we want	How we are going to achieve it	What we expect from our suppliers	Benefit for our suppliers
Governance: SECURITY MODEL: Cybersecurity, information security and physical security.	Extend the security risk management model in the supply chain (cybersecurity, data security and physical security), carrying out risk mitigation actions on supplies with risk treatment.	Continuing the model already in place in terms of risk calculation Implementing development actions for less mature supply providers	Timely response and dispatch of questionnaires with the best available information Active participation in the forums to be convened	To discover the individual degree of maturity in relation to other qualified suppliers for the same supplies. In the future, improving our positioning in procurement decisions
Governance: DUE DILIGENCE (Ethics and Compliance)	Minimisation of country risk in terms of human rights and integrity of both suppliers and their factories.	Continuous monitoring	Commitment to extend integrity and human rights standards to all factories located in countries at risk.	Legal compliance Achieving the SDGs
ESG Global Scope: SUSTAINABLE PROCUREMENT	Implementation of the roadmap defined for sustainable procurement: LCA analysis ⁽³⁾ for the incorporation of sustainability criteria (ESG) in the processes associated with the purchase of goods and services.	Applying the defined model to new supplies in order to define sustainable criteria in procurement decisions (environment, safety, diversity, ethics and compliance, etc.). Implementing sustainability partnership initiatives	Timely response and dispatch of questionnaires with the best available information	In the future, improving our positioning in procurement decisions Legal compliance Achieving the SDGs

(3) LCA: Analysis of the Life Cycle



4.

Appendices



Appendix 1. Supplier qualification status changes

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 rating 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 rating 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 Rating Status -2023	No. of Suppliers
Warning	8
Blocking	4
Disqualification	2

Implications					
Changes in rating status	Continue with ongoing goods or services	Participate in new tenders	Successful bidder	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. Before the deadline has passed and the situation has been remedied, a possible change of qualification status shall be assessed at the request of the procurement unit and/or organisational unit.
Blocking	YES	NO	NO	NO	
Disqualification	NO	NO	NO	NO	Entails exiting the qualification system due to serious impact. You will not be able to reapply for qualification until the deadline has passed, and to obtain qualification again, you will have to start the qualification process and pass all the requirements.

Appendix 2. Other relevant 2023 supply chain objectives, projects and initiatives (1/2)

Strategic line: Sustainability

- Revision of the Code of Conduct for Suppliers in their relationship with their employees and contractors and with Redeia, to incorporate commitments in which Redeia has evolved and which must therefore be transferred to the supply chain.
- Incorporation of ESG scoring as a tie-breaking criterion in bids.
- Continuation of work to obtain the information necessary to calculate the carbon footprint of leases and purchases of real estate (buildings and land).
- Optimal supplier portfolio: Launch of 46 different scouting processes, analysing more than 80 companies and expanding the supplier portfolio by 10 activities, obtaining 20 new suppliers. Work has also been done on the scouting of 16 other supplies. As a result, 73 suppliers have been incorporated in 15 supplies, giving a total of 93 suppliers incorporated for 25 supplies between the two projects.

Result of Scouting Processes

	2020	2021	2022	2023
Suministros	29	8	7	25
Nuevos proveedores	61	28	29	93

Strategic line: Efficiency

Security of supply (2023 objective with 7 specific actions):

- Review of **contracting strategies** for the main services for the implementation of investment and maintenance to ensure the availability of manpower.
- **Optimisation and solvency of the portfolio of equipment and material suppliers**, which has led to an increase in the number of suppliers in 10 of the relevant supplies.
- **Promotion of the local portfolio (Canary Islands)** with the definition of an action plan to incorporate new suppliers in 3 supplies (civil works for underground lines, civil works and earthworks in substations and small civil works).
- Providing a space [on the corporate website](#) to **publish information on the most relevant supply needs** (some to meet the 2023-2026 Planning, not covered by orders or framework agreements, to be more transparent with suppliers and facilitate their planning).

redeia

El valor de lo esencial

red eléctrica

reintel

hispasat

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elewit