SUSTAINABLE SUPPLIERS

Stedin ESG Strategy



CO, reduction

Reduction of CO₂ emissions from materials produced or services provided.

Target: 42% CO₂ reduction in 2030 compared to 2021 in line with the Paris agreement.

% CO₂ reduction

Setting a CO₂ reduction target for the supplier / purchased asset over a certain period.

Example: 7% CO₂ reduction compared to 2024 annually until 2030.

Example: 42% reduction in 2030 compared to 2020.

KG CO₂ intensity per asset

Setting a CO₂ intensity target to produce assets, measured in kilograms of CO₂ equivalent per asset or euros. Example: 8000 kilograms of CO₂ emissions per 1800 kilograms transformer produced.

Example: 8 kilograms of CO₂ emissions per euro for a produced transformer.

% emission-free material contracting

Drawing up a roadmap with annual targets for contractors per equipment type, such as excavators, drills, cranes, etc., on the ratio of electrical equipment up to and including 2030.

Example: Vibratory plate: 2024 - 0%, 2025 - 15%, 2026 - 30%, 2027 - 45%, 2028 -60%, 2029 - 75%, 2030 - 100%.



Circularity

Increasing the use of recycled or biotic material in assets.

Target: 40% reduction in primary abiotic raw materials by 2030.

KG / % recycled material

Possibilities for recycled material use within the specifications, coordinate with AM (Asset Management) and the supplier.

Example: Transformer contains at least 300KG of recycled steel.

KG / % biotic material

Possibilities for biotic material use within the specifications, coordinate with AM (Asset Management) and the supplier.

Example: A cable contains at least 10% PLA or PHA material in insulation.



Reducing the amount of waste going to landfills through improved waste separation and recycling.

Example: 4% reduction in waste of materials.



Biodiversity

Improving human rights and biodiversity in the value chain.

Target: Net positive impact in the chain in 2030.

% insight into value chain

Amount of insight into human rights and biodiversity impact on climate change, land use, water pollution and

Example: 50% insight and reporting on the impact of biodiversity due to work.

Net-positive impact

A target for the minimum positive impact on biodiversity when carrying out projects or producing assets.

Example: Net positive impact of 0-5% on the environment.





Good employment practices

Ensuring good working conditions and Social Return on Investment (SROI)

Target: Safe working conditions.

% Social Return On Investment

A minimum percentage of the profit from contract purchases must be invested in society.

Example: Investing 3% profit in SROI.

DEI maturity score

A target for a minimum score on diversity, equality and inclusion frameworks, such as Cupa-HR, or ACC.

Example: Score 3.5 out of 5 on Cupa-HR.





Employee contentment score

A target for a minimum employee satisfaction score that must be achieved, such as employee Net Promoter Score, Employee Satisfaction Index, etc.

Example: Score 55 on eNPS.

Safe working environment

A target for a minimum score on safety certification, such as the Safety Culture Ladder, or internal audits.

Example: Score 4 on the Safety Culture

Governance



Business ethics, integrity & good governance

Transparent supplier operations.

Target: In line with legislation and regulations and 100% insight into the value chain.

Number of reports per year

A target for a number of reports per year on sustainability, the topics included in the report must be coordinated with the supplier.

Example: 1 report per quarter.

Compliance with conditions

A target to remain within a certain percentage / gradation for compliance with the Stedin code of conduct, requested certification, etc.

Example: Above 80% compliance.



SUSTAINABLE SUPPLIERS

KPI Card

The purpose of the KPI card is to achieve a standardized approach within Vendor Management regarding the request for tenders and the inclusion of sustainability criteria in tenders and supplier management linked to the Stedin strategy.

The KPI card can be applied within the tender process by category managers and purchasing advisors (steps 1 to 3), and the management of suppliers by supplier managers (step 4).



Market consultation

Process step

Scanning the market for potential suppliers/contractors, drawing up questionnaires to collect information and conducting the first conversations.

KPI card application

The KPI card can be applied when drawing up questionnaires to collect information and formulate questions for the first conversations based on the Stedin sustainability strategy and targets for CO₂, circularity, biodiversity, good employment practices and business ethics, integrity and good management.



Draw up a questionnaire



Preparing 1st conversations



Draft specifications

Drawing up the specifications for the asset that the supplier must conform to.

For EU tenders, the CM draws up a strategy that must be followed for the tender.

When drawing up the specifications, the possibilities for using recycled and biotic materials must be investigated in collaboration with AM. A target can be included for this if the specifications are agreed between Stedin and the supplier.



Circularity KPIs / target setting



Selection, award and processing

Following up on the strategy and award criteria of the category manager for EU tenders or collecting input from the business to draw up award criteria for other tenders.



The KPI card can be used to draw up selection and award criteria related to the Stedin Strategy, request sustainability plans and data from tenderers on specific points such as $\rm CO_2$ reduction or circularity and to award points for the selection and award based on agreement between the efforts of the tenderer and Stedin's sustainability ambitions.

After selection and award, the KPI card can be applied to determine relevant KPIs and targets in consultation with the supplier that will be included in the contract.



Draw up selection and award criteria



Collect registrant of sustainability plans



Award points



Include KPIs in contracts



Manage relationships

Managing supplier performance based on aligned KPIs in the contracts.



The KPI card provides a complete overview of the Stedin strategy and possibly included KPIs in contracts that the supplier manager can monitor and manage during assessment interviews.



Monitor contractual sustainability KPIs



SUSTAINABLE SUPPLIERS

Definitions

Below are the definitions for certain words within the Stedin context.

✓ CO₂ reduction

All emissions released when obtaining materials, carrying out the production process and delivering assets or services via transport to Stedin.

✓ Equipment

All transport equipment and vehicles used by a contractor during a project, such as excavators, wheel loaders, bulldozers, vans, trucks and tractors.

✓ Circularity

Reducing primary material use in assets by replacing primary materials with secondary and biotic materials, reducing raw material consumption or extending their lifespan.

AM is in the lead for determining the specifications for non-primary material use, the purchasing advisor is responsible for including them in the contracts so that supplier managers can monitor and manage the agreements made on material use.

✓ Primary materials

Raw materials extracted or produced directly from natural sources without prior processing, such as minerals and metals.

✓ Secondary materials

Material produced from recycled or repurposed raw materials, such as recycled paper, recycled metals and recycled plastic.

✓ Biotic material

Organic materials derived from living organisms or plant sources, this includes biodegradable materials such as plant fibers, wood, organic polymers and biomass.

✓ Biodiversity

The variety of living organisms for a diverse ecosystem, such as plants, animals and micro-organisms, Stedin is responsible for biodiversity throughout the entire value chain.

√ Value Chain

Activities associated with the production of goods or the provision of services by an enterprise, including the development of the product or service and the use and disposal of the product, as well as the related activities of both upstream and downstream established business relationships of the company.

