ScottishPower

Compliance System Transparency Report 2025

ScottishPower Compliance Unit

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SCOTTISH POWER UK PLC
320 St Vincent Street,
Glasgow,
Scotland
G2 5AD

Our Ref: SM/DM/SP

Transmittal letter

30 July 2026

Dear Recipient

Report of the factual findings for agreed upon procedures

Below is a copy of our Independent Auditor's Agreed Upon Procedures Report (the "Report") which has been prepared by us, Johnston Carmichael LLP ("Johnston Carmichael"), in accordance with the specific agreement between us and Scottish Power UK Plc ("ScottishPower") on aspects of Scottish Power Limited's 2025 Compliance System Transparency Report.

We agree that ScottishPower may disclose the attached Report to you, on the basis set out in this letter, to enable you to verify that a Report has been commissioned by ScottishPower and issued by us in connection with specific procedures on their 2025 Compliance System Transparency Report, subject to the remaining paragraphs of this letter, to which your attention is drawn.

Our work was carried out for the Compliance Unit of Scottish Power Limited and designed to meet their agreed requirements and the engagement activities were determined by their needs at the time. The Report should not be regarded as suitable to be used or relied upon by any party other than ScottishPower for any purpose or in any context.

In consenting to the disclosure of the Report to you, we do not assume any responsibility to you in respect of our work for ScottishPower or the Report. To the fullest extent permitted by law, Johnston Carmichael accepts no liability in respect of any such matters to you. If you rely on the Report, you do so at your own risk.

The Report will be issued on the basis that it must not be recited or referred to or disclosed, in whole or in part, in any other document or to any other party, without the express prior written permission of Johnston Carmichael.

Yours faithfully

Johnston Carmichael LLP

Johnston Carmichael LLP
Chartered Accountants

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JOHNSTON CARMICHAEL

The Directors
SCOTTISH POWER UK PLC
320 St. Vincent Street,
Glasgow,
Scotland,
G2 5AD

Our ref: SM/DM/SP

Dear Sirs

Report of the factual findings for agreed upon procedures in respect of Scottish Power Limited's 2025 Compliance System Transparency Report

This report is produced in accordance with the terms of our agreement dated 23 May 2025 to assist you in connection with the 2025 Compliance System Transparency Report ("the 2025 Transparency Report") produced by Scottish Power Limited.

The Compliance Unit of Scottish Power Limited (the "Company"), is responsible for the preparation of the 2025 Transparency Report, including the completeness, accuracy and method of presentation in accordance with the Company's framework.

We have performed the procedures agreed with you and enumerated below. Our work was carried out with regard to the guidance contained in International Standard on Related Services 4400 "Engagements to Perform Agreed-Upon-Procedures regarding Financial Information". The procedures were performed solely to assist you in verifying that the data in the 2025 Transparency Report was accurate. We performed the following procedures for the period 1 January 2025 to 31 December 2025 as set out below:

Indicator		**Applicable section (of 2025 Transparency Report)**	**Procedures to be performed**
1	Number of Compliance Officer appearances before respective governing bodies	2.2.5 Appearance Before Governing Bodies	1. Obtain a report from the Company's central Compliance reporting tool of Compliance officer appearances before respective governance bodies in 2025. 2. Agree the number of Compliance officer appearances before respective Compliance Units, Audit Committees and Business Boards to the Transparency Report.
2	SP Compliance Headcount	2.2 Budget, Resource and Skills	1. Obtain a report of the Company's Compliance employees at year end 2025. 2. Confirm identified employees are assigned to the Company's Compliance Unit in the internal directory.

			3. Agree the Company's Compliance headcount at year-end 2025 to the Transparency Report.
3	SP Compliance Unit training	2.2.2 Budget, Resources and Skills	1. Obtain a report from the Company's central Compliance reporting tool of the Company's Compliance employees training completed in 2025. 2. Agree the 2025 recorded training hours figure to the Transparency Report.
4	Third party evaluations	4.2.3 Anti-Bribery and corruption programme	1. Obtain a report from the Company's central Compliance reporting tool of third-party evaluations completed in 2025. 2. Agree the Company's 2025 compliance third party evaluations figure to the Transparency Report. 3. From a sample of 5 third party evaluations selected at random from the report obtained in point 1 above, obtain documentation supporting the evaluations made.
5	Conflicts of interest	4.2.3 Anti-Bribery and corruption programme	1. Obtain a report from the Company's central Compliance reporting tool of conflicts of interest captured in 2025. 2. Agree the 2025 Company Compliance conflicts of interest figure to the Transparency Report. 3. From a sample of 5 conflicts of interest, selected randomly from the report obtained in point 1 above, obtain documentation supporting the evaluation carried out.
6	Gifts and hospitality	4.2.3 Anti-Bribery and corruption programme	1. Obtain a report from the Company's central Compliance reporting tool of gifts and hospitality offered to ScottishPower that were reviewed in 2025. 2. Agree the Company's 2025 Compliance gifts and hospitality figure to the Transparency Report. 3. From a sample of 5 gifts and hospitality, selected randomly from the report obtained in point 1 above, obtain documentation supporting the evaluation carried out.
7	Training delivered	6.2.1 Training	1. Obtain a report from the Company's central Compliance reporting tool of the employees and agency workers trained by SP Compliance in 2025. 2. Obtain listings of the total number of attendees trained by the Company's Compliance team in 2025. 3. Agree the 2025 number of employees and agency workers trained, and total number of attendees trained by the Company Compliance team to the

			Transparency Report.
8	Communications	6.2.2 Communications and Awareness	1. Obtain a report from the Company's central Compliance reporting tool of the Company's Compliance team's internal and external communication activities carried out in 2025. 2. Agree the Company's 2025 Compliance communication figures to the Transparency Report. 3. From a sample of 5 communication activities selected at random from the report obtained in point 1 above, obtain documentation supporting the communications made.
9	Claims	5.2.1 Claims	1. Obtain a report from the Company's central Compliance reporting tool of Compliance claims admitted for processing. 2. Agree the Company's 2025 Compliance claims admitted for processing figures to the Transparency Report.
10	Enquiries	5.2.2 Enquiries	1. Obtain a report from the Company's central Compliance reporting tool of Compliance enquiries received in 2025. 2. Agree the 2025 Compliance enquiries figures to the Transparency Report.
11	Accreditations	7.2.1 Accreditations	1. Obtain a report from the Company's central Compliance reporting tool of external reviews over the Company's Compliance programme received in 2025. 2. Agree the Company's 2025 Compliance accreditations retained to the Transparency Report.

We report our findings below:

Indicator		Procedures to be performed	Our Findings
1	Appearances before respective governing bodies	1. Obtain a report from the Company's central Compliance reporting tool of Compliance officer appearances before respective governance bodies in 2025. 2. Agree the number of Compliance officer appearances before respective Compliance Units, Audit Committee and Business Boards to the Transparency Report.	No differences noted

2	SP Compliance Headcount	1. Obtain a report of the Company's Compliance employees at year end 2025. 2. Confirm identified employees are assigned to the Company's Compliance Unit in the internal directory. 3. Agree the Company's Compliance headcount at year-end 2025 to the Transparency Report.	No differences noted
3	SP Compliance Unit training	1. Obtain a report from the Company's central Compliance reporting tool of Company's Compliance employees training completed in 2025. 2. Agree the 2025 recorded training hours figure to the Transparency Report.	Differences noted – see **finding 1** below.
4	Third party evaluations	1. Obtain a report from the Company's central Compliance reporting tool of third-party evaluations completed in 2025. 2. Agree the Company's 2025 compliance third party evaluations figure to the Transparency Report. 3. From a sample of 5 third party evaluations selected at random from the report obtained in point 1 above, obtain documentation supporting the evaluations made.	No differences noted
5	Conflicts of interest	1. Obtain a report from the Company's central Compliance reporting tool of conflicts of interest captured in 2025. 2. Agree the 2025 Company Compliance conflicts of interest figure to the Transparency Report. 3. From a sample of 5 conflicts of interest, selected randomly from the report obtained in point 1 above, obtain documentation supporting the evaluation carried out.	No differences noted
6	Gifts and hospitality	1. Obtain a report from the Company's central Compliance reporting tool of gifts and hospitality offered to ScottishPower that were reviewed in 2025. 2. Agree the Company's 2025 Compliance gifts and hospitality figure to the Transparency Report. 3. From a sample of 5 gifts and hospitality, selected randomly from the report obtained in point 1 above, obtain documentation supporting the evaluation carried out.	No differences noted
7	Training delivered	1. Obtain a report from the Company's central Compliance reporting tool of the employees and agency workers trained by SP Compliance in 2025. 2. Obtain listings of the total number of attendees trained by the Company's Compliance team in 2025. 3. Agree the 2025 number of employees and agency workers trained, and total number of attendees trained by the Company Compliance team to the Transparency	No differences noted

		Report.	
8	Communications	1. Obtain a report from the Company's central Compliance reporting tool of the Company's Compliance team's internal and external communication activities carried out in 2025. 2. Agree the Company's 2025 Compliance communication figures to the Transparency Report. 3. From a sample of 5 communication activities, selected at random from the report obtained in point 1 above, obtain documentation supporting the communications made.	No differences noted
9	Claims	1. Obtain a report from the Company's central Compliance reporting tool of Compliance claims admitted for processing. 2. Agree the Company's 2025 Compliance claims admitted for processing figures to the Transparency Report.	No differences noted
10	Enquiries	1. Obtain a report from the Company's central Compliance reporting tool of Compliance enquiries received in 2025. 2. Agree the 2025 Compliance enquiries figures to the Transparency Report.	No differences noted
11	Accreditations	1. Obtain a report from the Company's central Compliance reporting tool of external reviews over the Company's Compliance programme received in 2025. 2. Agree the Company's 2025 Compliance accreditations to the Transparency Report.	No differences noted

Finding 1: We identified a difference of five hours of SP Compliance Training Received between the Company's central Compliance reporting tool (Complete) and the figure to be reported in the 2025 Transparency Report (113.75 vs 118.75 hours). From our discussion with Management, we understand that the difference relates to three training courses attended by two individuals from Scottish Power Ltd for which the training hours were recorded in the Transparency Report for only one attendee. As a result, the reported total was understated by five hours and should have been 118.75 hours.

Our procedures, as stated in our agreement, did not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the 2025 Transparency Report in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the procedures specified above and does not extend to any financial statements of the Company, taken as a whole.

We consent to the release of this report to Iberdrola Group to verify that a report by reporting accountants has been commissioned by the Compliance Unit of Scottish Power Limited without accepting or assuming any duty of care or responsibility on our behalf.

This report is solely for your confidential use in connection with the purpose specified above and as set out in the agreement. We do not owe nor accept any duty of care to any third party to whom our report is shown or into whose hands it may come, and specifically disclaim any liability for any loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Johnston Carmichael LLP

Johnston Carmichael LLP
Chartered Accountants
London
30 July 2026

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ScottishPower

01.

Introduction

1. Introduction

Scottish Power Limited ("the Company") is part of the Iberdrola Group, one of the world's largest integrated utility companies and a world leader in wind energy. The Company was the first integrated energy company in the UK to generate 100% green electricity. Our focus is on affordable, clean energy, smart grids and driving the change to a cleaner, electric future, and we are investing over £18m every working day to make this happen. We are committed to speeding up the transition to cleaner electric transport, improving air quality and over time, driving down bills - *to deliver a better future, quicker for everyone*.

The ScottishPower Limited Compliance Unit ("the SPL CU") is a collective, permanent independent internal body linked to the ScottishPower Limited Audit and Compliance Committee, responsible for proactively and autonomously ensuring the implementation and effectiveness of the ScottishPower Compliance System ("the Compliance System").

The Compliance System is the set of rules, formal procedures and material actions that are intended to ensure that the Company acts in accordance with ethical principles, the law and internal rules, particularly the Company's Governance and Sustainability System, to prevent, manage, and mitigate the risk of legislative and ethical breaches by or on behalf of the Company.

The SPL CU is governed by a set of Regulations established by the ScottishPower Limited Board of Directors ("the SPL Board"). The Regulations of the Compliance Unit of ScottishPower Limited ("the Regulations") were last revised and approved by SPL Board on 6 May 2025 and subsequently adopted by the Scottish Power Limited sub-holding Business Boards.

To reinforce the highest ethical standards established in its Governance and Sustainability System, ScottishPower has established a Compliance System to foster a strong ethical culture and support compliance with all laws, regulations, and policies.

This report is made pursuant to article 9.3 of the Regulations, which establishes that the SPL CU shall "*On an annual basis…issue… a report evaluating the effectiveness of the Company's Compliance System*". This report describes the main elements of the Compliance System as established by the SPL CU, a summary of the actions taken by the SPL CU in relation to the Company's compliance programme across the year, and an assessment as to why this relates to the effectiveness of the Compliance System.

The activities described in this report, include, among others, those reflected in the 2025 the SPL CU Activities Plan, approved by the ScottishPower Limited Audit and Compliance Committee of the Board of Directors in December 2024. This report has been developed in association with the Compliance Units of the sub-holding Businesses and reflects the overall approach to the Compliance System across the Scottish Power Limited group of companies.

The overall conclusion of this report is that the Compliance System continued to operate effectively across the Scottish Power Limited group of companies in 2025.

ScottishPower

02.

Resource, Coordination and Governance

2. Resource, Coordination and Governance

2.1 Summary

In this section we have assessed the following elements:

1. **Tone from the top**. An effective Compliance System requires active support and engagement with leadership, to facilitate authority and accountability.
2. **Independence**. An effective Compliance System should be sufficiently independent from the business units, to ensure unbiased monitoring, reporting and autonomy over its activity.
3. **Co-ordination and collaboration**. Each of the Compliance Units in place have autonomy to manage the Compliance System within their own business area. However, successful co-ordination and collaboration is important to ensure consistency in the operation of the System as a whole.
4. **Budget and Resources**. The Compliance System requires an appropriate Budget and the right level of human and other resources in place to support its activity and ensure that it can operate effectively and independently.

For 2024, the SPL CU assessed that the Compliance System of the Company: i) included appropriate resources across the year; ii) was supported by appropriately skilled and experienced professionals; iii) was suitably independent within the Scottish Power Limited Governance and Sustainability System; iv) maintained appropriate collaboration within the function; and v) had relevant and appropriate engagement and oversight from the Company Governing bodies and Management.

The SPL CU considers that these factors remained in place across 2025.

2.2 Operation in 2025

2.2.1 Independence

The Regulations establish the SPL CU as a permanent and autonomous function within the Company, established in line with the highest standards of independence and transparency.

This independence is further reinforced by clear internal regulations and by the distinct role within the wider Iberdrola Group structure, where each company maintains its own autonomous Compliance Unit.

Linked directly to the Audit and Compliance Committee or Board of each Scottish Power Business, the Compliance Units are empowered with broad authority, budgetary autonomy and full freedom of action to ensure the effective implementation and oversight of the Company's Compliance System. Their mandate is exercised proactively and without interference, supporting ethical conduct, legal compliance and adherence to the Company's Governance and Sustainability System.

The Regulations were reviewed and re-approved by the ScottishPower Limited Board of Directors in May 2025 and remained in place across 2025.

2.2.2 Budget, Resource and Skills

At the end of 2025, the SP-wide Compliance Unit had a dedicated team of 10 headcount. The team continues to be well-skilled with good breadth of business and compliance expertise, independence, and seniority. The team's ongoing success is rooted in strong, consistent engagement with key business stakeholders.

Article 17 of the Regulations establishes that the SPL CU "*shall have the material and human resources necessary to perform its duties*". At year-end 2024, it was recognised that, although the resources in place had supported the effective operation of the Compliance System to that point, this would not be sufficient to sustain performance going forward, particularly within the SP Energy Networks business which had forecast significant growth. Accordingly, the Budget proposal for 2025 (presented to the SPL Audit and Compliance Committee in December 2024) included a request for an additional 3 FTE to support the SP Energy Networks Compliance Unit going forward. This approval was granted for recruitment commencing in 2025.

As such, by the end of 2025, the Scottish Power Limited Compliance Team ("SP Compliance") comprised a headcount of ten (9.86 full time equivalents). 2 of those roles were vacant at year end, with activity in place to fill these early in 2026.

SP Compliance is made up of experienced professionals with a breadth of business understanding and who bring a wide range of knowledge in compliance, control, risk management, audit and business assurance activities. As such, SP Compliance has the skills, knowledge and experience as a group to deliver the Compliance System and its annual activities plan.

The ScottishPower Chief Compliance Officer ("SP CCO") manages the operation of the SPL CU and its budget and is responsible for carrying out the corresponding measures and action plans, ensuring that the SPL CU delivers its duties. The SP CCO is supported by a central Corporate Team, and three full time Business Compliance Officers ("BCOs"), one for each of the core operational business units (Customer, Renewables, and SP Energy Networks).

Movement across the team within the year saw an existing Business Compliance Officer move into a role within the business. This created an opportunity to further develop business knowledge across the team, resulting in the Renewables Business Compliance Officer taking on the role of SP Energy Networks Business Compliance Officer, and the recruitment of a new Business Compliance Officer for the Renewables Business. The Business Compliance function remains strong, with senior professionals in place supporting each of the business areas.

The SP Energy Networks Business Compliance Officer is also supported by a team of three, reflecting the scale, growth and nature of activity across the Networks business. The three new team members were recruited over the course of 2025, with the final member taking up their post at the start of 2026.

At the end of 2025, four of the active members of SP Compliance had achieved the Compliance and Ethics Professional International (CCEP-I) certification, awarded through the Society of Corporate Compliance and Ethics. Due to movement within the team across the year and the need for professionals to have a certain amount of 'in role' experience prior to undertaking the certification, the remaining team members will work towards this certification at an appropriate timescale. All members are responsible for their own training, development and Continuing Professional Education.

A variety of professional training was undertaken by each of the SP Compliance team during 2025, to maintain professional qualifications and support awareness and understanding of applicable ethics and compliance related developments. Training included attendance at in-person training events, virtual workshops, conferences and webinars, and completion of internal employee-training courses. In 2025 the SP Compliance Unit recorded 118.75 training hours.

In addition, the SPL CU retain corporate memberships to the Gartner Compliance & Ethics Leadership Council, the Ethisphere Business Ethics Leadership Alliance (BELA), and the Institute of Business Ethics. Each of the memberships provide access to research, benchmarking, data, reports, guidance, and industry-expertise to utilize in the further development of the Companies' ethics and compliance programme.

2.2.3 Internal Coordination

Active co-ordination and collaboration between the Compliance Units: i) supports the delivery of compliance strategy; ii) facilitates an appropriate level of consistency across activities; and iii) seeks to ensure that the BCOs have appropriate support and engagement from the corporate team. Coordination activity across 2025 included:

- SP Compliance Team Meetings. Across 2025, the full SP Compliance team, where available, met monthly to discuss any 'hot topic' items and to provide updates on any relevant compliance risk area or ongoing programme activity.
- Compliance Officer Meetings. Fortnightly Business Compliance Officer meetings were scheduled between the four Compliance Officers, to review governance matters, the 2025 Activity Plan and to discuss compliance topics, claims or issues relevant to each of the business areas. In addition, regular one-to-one meetings between the SP CCO and BCOs are scheduled. Collectively these meetings provided a valuable opportunity to discuss compliance programme deliverables and ensure a holistic view of compliance risks and controls could be presented to the relevant ScottishPower Management Committees and Governance Bodies.

- **Weekly Corporate Team Activity Plan meetings**. Scheduled on a weekly basis across 2025, the Corporate Compliance Team met to discuss, track progress, and agree any required remedial actions against delivery of the 2025 SPL CU Activity Plan.

2.2.4 Coordination with Iberdrola S.A. Compliance Unit

Article 9 of the Regulations states that the SPL CU shall "*act on a coordinated basis with the Compliance Unit of IBERDROLA, S.A. and shall establish the framework for relations of coordination, cooperation and information…*". Engagement between the Iberdrola, S.A. Compliance Unit, and subsidiary company Compliance Units, including the SPL CU, is governed through the General Coordination, Collaboration, and Information Protocol. In this context, a variety of coordination, update and information sharing meetings were held across 2025, as set out below:

- **Bilateral Meetings**. Periodic updates by the SP CCO to the Iberdrola Chief Compliance Officer on key aspects of the SPL CU Activity Plan. Two meetings took place in 2025, in February and May.
- **Global Co-Ordination Calls**. Established on a fortnightly frequency, these meetings are attended by all the Chief Compliance Officers around the Iberdrola Group, allowing the opportunity to discuss and share developments, activity updates and best practices. The SP CCO participated in these meetings across 2025.
- **Group Compliance Visit**. Between 25th and 27th November 2025, the Iberdrola Chief Compliance Officer and Group Head of Strategy and Coordination visited Scottish Power in person. The visit gave the opportunity to discuss specific activity, system updates and organisational matters as well as the opportunity for team building.

2.2.5 Appearances Before Governing Bodies

Compliance role recognised across business and at Board level with increase in contacts from business, involvement in relevant business Committees, and a mature supporting Compliance system.

By providing regular updates to governance forums, we reinforce tone from the top and support sustained awareness and monitoring of the ScottishPower Compliance System. Across 2025, the Company Compliance Officers and teams provided 95 updates to governance and management bodies across the ScottishPower group of companies. This included formal attendance at Business Boards or Audit and Compliance Committees, in addition to ongoing stakeholder engagement through presentation to senior Executive business committees and senior management teams. The regular inclusion of Compliance Officers in these sessions highlights the ongoing value to business activity of Compliance as a function.

Those updates included attendance at the following:

- **ScottishPower Compliance Units**
  The SPL CU is an official, permanent, internal body responsible for proactively and autonomously ensuring the implementation and effectiveness of the ScottishPower compliance system. The SPL CU is made up of an independent, external Chair, the Compliance Officer, and others who may include the heads of various areas or functions related to risk management in the area of compliance. This structure is also reflected across each of the respective ScottishPower business units, with established Compliance Units for each of the SP Energy Networks Holdings Limited, ScottishPower Retail Holdings Limited, and ScottishPower Renewable Energy Limited businesses.

  In 2025, the respective Compliance Officers presented Compliance Activity updates to each of their respective Compliance Units at 5 meetings across the year.

- **ScottishPower Audit & Compliance Committees and Boards**
  The Audit & Compliance Committee (A&CC) provides oversight of the compliance activities of ScottishPower on behalf of the Scottish Power Limited Board of Directors. In 2025, five meetings of the A&CC were attended by the Compliance Unit, with presentations made on all of the key elements of the programme, as noted in the table below:

REPORTS TO THE SPL A&CC IN 2025	
12th February 2025	2024 YE Compliance Report & Performance of Activity Plan 2024 Compliance Effectiveness Report 2024 Related Party Transactions Report
6 May 2025	Compliance Report & Activity Plan Report on the Criminal Risk Mitigation Programme Modern Slavery Act – 2024 Statement
15th July 2025	Compliance Report & Activity Plan Report on the Business Separation Compliance System 24/25
8 October 2025	Compliance Report and Activity Plan Failure to Prevent Fraud Risk Assessment Compliance Policy Update
9th December 2025	2026 Compliance Activity Plan Proposal 2026 Compliance Unit Budget Proposal

The Business Compliance Officers presented relevant corresponding reports to their own business Governing Bodies across 2025, as follows:

- **SP Energy Networks Audit & Compliance Committee (SPEN A&CC)**. The SPENHL Compliance Officer presented at 5 meetings of the SPEN A&CC across 2025.
- **SP Renewable Energy Limited Board (SPREL Board)**. The SPR Business Compliance Officer presented at 5 meetings of the SPREL Board across 2025.
- **ScottishPower Retail Holdings Limited (SPRHL) Board**. The Customer Business Compliance Officer presented at 5 meetings of the SPERHL Board across 2025.

Feedback from those involved in the Governance Bodies on the delivery of the compliance updates and interaction with the respective Bodies across the year has been positive.

- Management and Executive Committees

  The Scottish Power Management Committee ("the Management Committee") is a recurring meeting of the ScottishPower group executive management team, which ensures co-ordination and oversight of operational and strategic activity across the ScottishPower Group of Companies. The SP CCO periodically attends the Management Committee across each calendar year, updating the committee on relevant compliance initiatives and developments. The SP CCO attended 3 meetings of the Management Committee across 2025, in May, September and October 2025, providing updates on Speaking Out, Conflicts of Interest, Gifts and Hospitality and Compliance risk topics.

  Similarly, each ScottishPower Business has its own management team meeting structure. Throughout 2025, the ScottishPower Businesses continued to receive similar regular updates from their respective BCO, providing insight over the ScottishPower compliance framework and updates on progress against the established activity plans through strong senior compliance engagement and business expertise. This activity ensures greater visibility and awareness of the compliance programme across the Company.

BUSINESS	GOVERNANCE BODY / COMMITTEE	2025 ATTENDANCE
ScottishPower Limited (SPL)	SPL Management Committee	3 meetings
SP Energy Networks Holdings Limited (SPENHL)	SP Energy Networks Executive Team	8 meetings
ScottishPower Retail Holdings Limited (SPRHL)	Compliance Executive Steering Group	4 meetings
ScottishPower Renewable Energy Limited (SPREL)	SPREL Monthly Operations and Governance Meeting	6 meetings

- Stakeholder Engagement

  In 2025, the ScottishPower Compliance Officers enjoyed strong engagement with the key functions of each of their business areas, with open communication and regular feedback from a broad representation of each business. This included recurring monthly meetings with the ScottishPower Chief Executive Officer and Business CEOs, and recurring meetings with senior responsible members of relevant functions supporting the businesses, including People & Organisation, Procurement, Internal Audit and Risk, Digital Transformation and Security, in order to provide updates on relevant compliance activity and obtain insight into or discuss any key business issues.

  Other business management team meetings attended by SP Compliance in 2025 included the Financial Group Disclosure Committee (4 meetings); the Non-Financial Disclosure

Committee (1 meeting); and the Risk Disclosure Committee (2 meetings). SP Compliance is also an active member of the AI Governance Committee and other business level Risk Committees.

2.3 Conclusions

The structure, governance and engagement of the SPL CU over 2025 have been designed and operated in such a way that it is independent of the operational management of the Company. The additional resource recruited within the year supported its ongoing operation in relation to the changing business structure.

There were no material changes in the way in which the SPL CU was governed or designed, and no gaps have been identified in its overall engagement and reporting activity, that have impacted its effective operation in 2025.

03.

ScottishPower Compliance Policies

3. ScottishPower Compliance Policies

3.1 Summary

In this section we have assessed the following elements:

1. **Policy Scope**. An effective Compliance System should have policies in place to address relevant risks within the scope of that system.
2. **Relevance and Accessibility**. Compliance policies should be appropriately documented, up-to-date and available to relevant users.

Across 2025, there have been changes to the Iberdrola Governance and Sustainability System which influenced all business Policies, including compliance policies. As part of this, all SPL CU policies were reviewed to ensure that their underlying principles remained fit for purpose within the wider Iberdrola System. This review also allowed opportunities to streamline the overall policy structure.

Alongside this change, the SPL CU maintains a Compliance Policy Management Framework ("the Policy Framework"), which is designed to ensure that policies are reviewed and updated on an appropriate basis. The Scottish Power Code of Conduct and Policy on Anti-Bribery and Corruption were scheduled for review as part of the 2025 Activity Plan. This activity was successfully completed.

The SPL CU considers that the Policy Framework in place across 2025 was appropriate and benefitted from incremental improvement over the year.

3.2 Operation in 2025

The maintenance of a formal internal Compliance Policy Management Framework helps to assure that Compliance policies, procedures and guidelines are consistent, accessible, fit-for-purpose, and reviewed at an appropriate frequency.

The Company's Compliance policies, procedures and guidelines are captured within the Policy Framework, which establishes the hierarchy and interaction between the documents, as well as timescales to trigger periodic reviews to identify necessary amendments to such documents. Periodic updates are designed to reflect relevant changes in: i) policy, protocol or governance structures as notified by Iberdrola S.A.; ii) external UK legislation or policy; iii) ScottishPower business processes; and / or iv) practice or approach resulting from external legal / compliance review or Internal Audit reports findings.

The Policy Framework remained in place across 2025. The key aspects include:

- Policy and procedure hierarchy formalised and documented, allowing documents to be scoped based on type of information and intended audience.

- Internal rules established to ensure SPL CU documents: are centrally administered; follow a common format, look & feel; are centrally stored and accessible; and follow agreed approval processes.
- An agreed frequency of review has been established for each document.

In 2025, there were two periods of review of the SPL CU owned policy documents. The first of these in May 2025, was triggered by a wider update of the Iberdrola SA Governance and Sustainability System, which gave greater autonomy to each of the Iberdrola Group Head of Business Companies to approve its own policies, in line with the principles of the Iberdrola framework. As a result, the SPL CU recommended the approval of a single ScottishPower Code of Conduct for Employees and Directors, which replaced the previous dual documents of the Iberdrola Code of Ethics and the ScottishPower Code of Conduct, while still respecting and reflecting the intention and effect of the Iberdrola Code of Conduct.

This change allowed the SPL CU the opportunity to remove some duplication within its policy framework, as well as ensuring that policies continue to address relevant compliance risk areas. The updated policies were proposed by the SPL CU to the SPL A&CC in May 2025 and approved by the SPL Board in the same month. Each of the ScottishPower Head of Business Companies subsequently approved their own reflective policies.

The second review was a scheduled review, in line with the Policy Framework and encompassed a fuller review of the ScottishPower Code of Conduct for Employees and Directors and the existing Anti-Bribery and Corruption Policy. This review concluded that while the existing key principles remained fit for purpose, there were some new compliance risk areas for 2025 which required updating within the policies. This included updates to the Code of Conduct and the evolution of the Anti-Bribery and Corruption Policy to a wider Policy on Financial Crime, including the new Failure to Prevent Fraud offence. The review also provided the opportunity to ensure that the documents were accessible in terms of language and format, such as clearer sectioning, clearer language and references to the Speaking Out routes throughout the Code of Conduct. The revised policies were reviewed by the SPL A&CC in October 2025 and approved by the SPL Board in the same month.

The launch of the updated Policy on Financial Crime presented a greater than usual change to business activities. The updated policy was launched online and communications issued to the Procurement team and wider employee base. Opportunities were identified to improve the communication and rollout of updated or new policy documents going forward.

3.3 Conclusions

The structure of the Policy Framework has been designed to reflect the requirements and expectations of the Iberdrola Group Governance and Sustainability System, including the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group. The SPL CU policies in place across 2025 adequately covered the scope of identified compliance risk, with policy scope updated to reflect the expanded financial crime risk framework.

Opportunities were taken to incrementally improve the language and reading level of core compliance policies, with plans in place to update the remaining policies across 2026.

There was no material gaps identified in the design of compliance policies over the year that have affected their overall effect. Policies have been published externally and communicated internally. Some opportunity for improvement has been identified in the internal rollout of new policies once approved. Overall, we believe that the compliance policies have been appropriate across the year, and no gaps have been identified in the Policy Framework that have impacted its effective operation in 2025.

ScottishPower

04.

ScottishPower Compliance Programmes

4. ScottishPower Compliance Programmes

Core compliance programmes continue to be proportionate, risk-based, and appropriate.

4.1 Summary

The SPL CU has developed, manages, and maintains a number of compliance programmes, which are designed to prevent and mitigate compliance risk across the ScottishPower group of businesses. In this section we have assessed the following elements:

1. **Programme Scope**. Compliance programme activity should be risk based and with elements designed to address relevant risks within the scope of that system.
2. **Programme Operation**. Compliance programme activity over the year should include appropriate actions taken on a reasonable timescale.

The SPL CU manages a risk-based programme, designed to review, update, and manage controls to address risk on a structured 3-year rolling basis, with compliance embedded across the organisation and a focus on continuous improvement. This enables core priority and emerging risks to be addressed and all wider programme risks to be reviewed over a consistent, reasonable timescale.

Over 2025 the approach to compliance risk assessment was reviewed and documented, setting out a refreshed approach to risk assessment over that 3-year horizon, along with an updated terms of reference for horizon scanning activity. The priority focus of compliance programme activity in 2025 was preparation for the new UK Failure to Prevent Fraud offence, which came into force on 1 September 2025. The year also saw continued incremental improvement in our Anti-Bribery programme, the effective operation of the SP Crime Prevention Programme and some new activity in relation to modern slavery.

A short summary of each of the core compliance programmes in place and the 2025 activity undertaken is noted in the following sections.

4.2 Operation in 2025

4.2.1 Risk Assessment

A timely, structured and proportionate risk assessment is one of the core elements of the compliance programme. The compliance risk assessment aims to ensure that the Company is able to comply with its legislative, regulatory, governance or policy obligations; support the Company in preventing employees or workers from creating compliance risk; and, in some cases, helps to demonstrate compliance with specific obligations.

The ScottishPower Compliance Risk Assessment helps do this through:

- Identifying the risks that the business faces in relation to legislative compliance requirements, policies and procedures or changes in business practice.
- Understanding business risk appetite in relation to those risks.

- Evaluating the current exposure of the different functions across the organisation to those risks.
- Identifying the strategies in place to mitigate those risks (such as business controls or specific compliance programmes) or otherwise providing assurance that risks are managed appropriately.

In 2025 the SPL CU undertook a review of the risk assessment process, considering the different strands of compliance risk assessment in place and how they interacted with each other. This concluded with an updated risk assessment strategy documenting the core elements of the risk assessment and the hierarchy between them, the indicative annual process for risk assessment, and a structured 3-year review cycle aligned to the global compliance risk assessment process. Appropriate risk reviews are captured for each of the underlying compliance programmes.

The review also incorporated further alignment of the core approach to documenting and assessing programme risks, with a consolidated format now in place for all programme risk assessment activity. This format has been successfully implemented for the Anti-Bribery and Failure to Prevent Fraud risk assessments and has contributed to further reflection on the approach to scoring risks, which will be taken forward in 2026.

4.2.2 Crime Prevention Programme (CPP)

In accordance with the Regulations, the SPL CU undertakes a comprehensive annual assessment of the criminal risk exposure across its operations and the controls in place to mitigate that risk, generally known as the Crime Prevention Programme (CPP).

The key features of the programme are set out in the diagram below.

Across 2025, the SPL CU managed each of these elements appropriately and in line with expected timescales.

The final phase of the 2025 CPP programme was completed by end December 2025, with control operators performing their controls in early 2026. Following on from this, Senior

Managers and Chief Executive Officer certifications will be completed. The SP CCO will report to the SPL A&CC on the outcome of the 2025 CPP programme in May 2026.

Following completion of the annual CPP, the SPL CU seeks assurance on the operation of the programme over the year from external legal experts. The external assurance review of the 2024 CPP was completed in the first quarter of 2025 and concluded that the programme continues to "*be designed with the intention of mitigating the risk of criminal offences being committed by or on behalf of ScottishPower; be proportionate and risk-based in its approach, with due focus on the relevant policies and procedures in place for each offence category; and consist of key elements that we would expect to see in a programme of this kind*".

In April 2025 the SP CC) reported to the SPL A&CC that "*the Criminal Risk Mitigation programme was effective for the 2024 calendar year*". A similar assurance exercise is planned to be completed for the 2025 CPP in the first quarter of 2026.

4.2.3 Anti-Bribery and corruption programme

The SP Anti-Bribery and Corruption Programme is a risk-based plan which aims to manage and mitigate bribery and corruption risk across the Company. The programme includes well developed procedures around risk assessment, vendor screening and due diligence, gifts and hospitality, and conflicts of interest.

Late 2025 saw the roll out of new supplier management systems across the wider Group, which are designed to improve the supplier registration and management experience over the longer term. The rollout in December impacted the COMPLETE Compliance System, resulting in some challenges in completing or recording diligence for some suppliers in the last month of the year. While the compliance system elements have been partially impacted by this change, SP Compliance have been actively supporting the wider business in onboarding suppliers impacted by the changes. SP Compliance is working closely with the Iberdrola Compliance on rolling out the changes and updating our procedures.

Core programme activity delivered over 2025 included:

- Bribery and Corruption Risk Assessment. The bribery risk assessment was further refreshed for 2025 to provide additional context around the risks identified. No significant issues or action was considered necessary, although a further consistency review between this and the Failure to Prevent Fraud risk assessment completed in 2025 has prompted further discussion on the underlying approach to scoring of risks before controls are taken into account. This is being taken forward as part of the risk assessment process for 2026.

- Due Diligence. Proportionate, risk based due diligence processes have been established by the SPL CU, in alignment with wider global Iberdrola Compliance Unit processes. The core areas of business activity requiring due diligence are set out in the Compliance and Ethics Manual, available to all employees of the Company. Over the course of 2025, the SPL CU conducted 419 due diligence reviews across the categories of activity listed below (versus 596 in 2024). Of the 419 reviews completed, 20% (85) were identified as Higher-Than-Normal risk categorization, with recommendations or mitigations issued to mitigate those risks. 4 third parties (1%) were flagged as critical compliance risk through the year. The majority of due diligence was undertaken in relation to ScottishPower business activity, specifically in SP Energy Networks and Scottish Power Renewables. The table below shows the breakdown of diligence completed by type across each business area:

Assessment Type	SPL	SPENHL	SPREL	SPRHL	TOTAL
Acquisition	0	0	4	0	**4**
Agent	1	0	0	0	**1**
Consultancy	2	0	1	0	**3**
Divestment	0	0	8	2	**10**
Industry Collaboration	6	21	12	2	**41**
Partnership	3	2	3	0	**8**
Sponsorship/Donation	13	31	34	3	**81**
Trading	0	0	0	3	**3**
Vendor Review	38	144	71	15	**268**
Total	**63**	**198**	**133**	**25**	**419**

- Vendor Screening. All new ScottishPower vendors wishing to participate in tender activity are subject to a compliance onboarding screening process, through an external partner. At onboarding, the vendor is issued with a risk assessment questionnaire, the results of which are screened against the external partner's risk database to identify any known compliance risk. The questionnaire needs to be completed, and any compliance risks addressed, before the vendor can be fully registered with the Company. In addition, all core ScottishPower vendors are screened daily through the external risk databases to identify any known compliance risk. The database screens each vendor against sanctions and Politically Exposed Persons (PEP) lists, state-owned companies, adverse media, and other specialised compliance risk categories. Any potential matches trigger an alert to the SPL CU, which is reviewed and managed to mitigate any identified risk. This process remains in place with the introduction of the new Iberdrola Group supplier onboarding systems and SP Compliance are working closely with business teams and Iberdrola Group Compliance to support transition to the new systems.

- Gifts & Hospitality reviews. The giving of gifts and hospitality can be a significant risk factor for bribery and corruption because they can influence the independent decision making of the recipient. The SP Code of Conduct and Disciplinary Rules state that details of any gifts over £25 in value or hospitality over £50 in value should be reported promptly to the SPL CU for final review and approval. This applies to gifts and hospitality given to ScottishPower employees, even if it is declined. A total of 508 gifts and hospitality offered were reviewed in 2025 (517 in 2024). A system issue was identified in September 2025 which appears to have affected a small number of gifts and hospitality reports (circa 100 reports across the Iberdrola Group) reaching Compliance, which means that employees were making reports as expected but these were not able to be reviewed by Compliance.

This was reported to the SPL Management Committee and SPL CU. We do not consider this to be a material issue in terms of the specific reports, but this has highlighted the need for improved trend reporting over core Compliance monitoring. This will be taken forward in 2026:

Assessment Risk Categorisation	SPL	SPENHL	SPREL	SPRHL	TOTAL
Gifts and Hospitality	84	228	108	88	**508**

- Conflicts of Interest (COI) assessments. A conflict of interest can be a significant risk factor for corruption where an individual's personal interests – family, friendships, financial, or social factors – could compromise his or her judgment, decisions, or actions in the workplace. SP Compliance record, manage and mitigate potential conflicts of interest through various established processes including encouragement of proactive reporting and engagement, a senior worker annual declarations process, and the Iberdrola Related Parties declaration process. In 2025, SP Compliance assessed a total of 450 COI declarations (227 in 2024), as shown in the table below. No significant Compliance concerns were identified.

Assessment Risk Categorisation	SPL	SPENHL	SPREL	SPRHL	TOTAL
Conflicts of Interest - AdHoc Reports	10	58	22	1	**91**
Conflicts of Interest - Annual Declaration	105	107	90	57	**359**

4.2.4 Failure to Prevent the Facilitation of Tax Evasion (FTPTE)

The Corporate Criminal Offence ('CCO') legislation, set out in The Criminal Finances Act 2017, makes it a crime for corporations, whatever their size, to fail to prevent Associated Persons (those who act for them or on behalf) from criminally facilitating tax evasion. A business should have a defence against prosecution if it can demonstrate that it had reasonable procedures in place to prevent its Associated Persons from facilitating the evasion of tax. The SPL CU has previously established a programme of activity to identify risk in relation to this offence and has established that the same parameters and controls that are in place to manage the Anti-Bribery and Corruption risk are effective here. As such, screening, diligence, and controls will also consider tax evasion risk.

No further specific activity was taken in relation to this programme in 2025. This programme is scheduled for review in 2026, in line with the documented Risk Assessment strategy mentioned above.

4.2.5 Failure to Prevent Fraud (FTPF)

The Economic Crime and Corporate Transparency Act 2023 (ECCTA) introduced a new offence of failure to prevent fraud (FTP Fraud Offence) for large organisations, as part of a wider reform of corporate criminal liability. Under the offence, an organisation may be criminally liable where an employee, agent, subsidiary, or other "*associated person*", commits a fraud intending to benefit the organisation. This offence came into effect on 1 September 2025.

The SP Failure to Prevent Fraud (FTPF) Compliance programme was formalised in 2025, utilising UK Government guidance which had been published in late 2024 and the output from the 2024 readiness assessment which had been supported and delivered by Pinsent Masons.

A key element of the framework is the FTPF Risk assessment, which was identified as a priority for 2025. A comprehensive FTPF Risk Assessment process was undertaken, which factored in all business scenarios where fraud risk could arise, aligning these to business processes or areas and working with the business stakeholders to assess likelihood, impact and controls in place to mitigate the risk. Controls identified were assessed to determine the criticality of the risks. The risk assessment concluded that the identified controls are considered appropriate and overall Failure to Prevent Fraud risk Criticality was assessed as LOW for the Company.

Alongside the risk assessment, an assessment was undertaken of existing procedures and further activity that might be needed to further develop the FTPF Compliance framework. This included training to senior management and business stakeholders on the nature of the offence, an update to the Policy Framework to incorporate Failure to Prevent Fraud controls within the expanded Policy on Financial Crime, and the introduction of new contract terms.

Following completion of the activity, the outputs were presented to the SPL Management Committee in September 2025 and SPL A&CC in October 2025.

4.2.6 Modern Slavery

ScottishPower has a zero-tolerance approach to forced labour or modern slavery in our operations and has implemented its Policy on Modern Slavery, which sets out the key principles of our approach to tackling modern slavery within our own operations.

ScottishPower's approach to modern slavery compliance devolves directly from that set by the Iberdrola Group, in terms of approach and responsibilities. Accordingly, the primary role for the SPL CU is due diligence and vendor screening activities. In 2025, the key focus of SPL CU activity was on the offshoring of some Customer Business support services to South Africa. The Customer Business BCO worked closely with the Business and Corporate functions to assess the risk and put in place appropriate mitigation measures, including a review of supplier employment practices, the establishment of bespoke contract terms and bespoke specialist training for employees involved in the contract and operational oversight of the activity.

ScottishPower publishes a Modern Slavery Statement, in accordance with the requirements of the Modern Slavery Act 2015, which sets out the detail on the processes and controls in place to support the Policy on Modern Slavery. The 2024 ScottishPower Modern Slavery Statement was approved by the SPL Board in April 2025 and adopted at the ScottishPower sub-holding Business Boards, before being published on the ScottishPower.com website in June 2025.

4.2.7 Financial Sanctions

A breach of the UK (or EU / US) Financial Sanctions regime(s) can incur serious and significant penalties. The Company maintains an assessment of sanctions compliance risk as part of its wider compliance risk mitigation activity. The Company has developed a Sanctions Procedure that governs how ScottishPower should respond to sanctions incidents or queries and sets out the roles and responsibilities across the business. A specific sanctions risk matrix was developed in 2022 and was subject to a high-level review in 2024. The overall residual risk was assessed as low and there is ongoing monitoring in place for third-party supplier sanction risk.

In 2025 the existing Anti-Bribery and Corruption Policy was updated to extend the policy principles to financial sanctions, amongst other financial crime. In addition, as part of a wider review of compliance-related standard contracting terms with SP Legal, new sanctions-related contract terms were introduced, to be included in the Company Standard Services Agreements going forward.

The sanctions compliance framework is scheduled for further review in 2026.

4.2.8 Business Separation

The licence conditions imposed on ScottishPower Transmission and Distribution businesses by Ofgem include a number of obligations relating to separation of activities between electricity network businesses and competitive energy activities ("Business Separation Requirements"). This includes obligations to ensure (among other things): full managerial and operational separation of SP Energy Networks ("SPEN") from any other ScottishPower business or ScottishPower company; segregation of IT systems that contain SPEN data from any other ScottishPower business or ScottishPower company; and non-disclosure of confidential SPEN information to any other ScottishPower business or ScottishPower company.

ScottishPower has a Business Separation Policy which establishes the compliance framework for the ScottishPower Group. This was last reviewed and approved by the SPL Board in December 2024. In line with that Policy, SPEN maintains an independent Business Separation Compliance Officer ('BSCO') with responsibility for oversight of the Business Separation Compliance Framework. Across 2025, the BSCO role was held by PwC. The Business Separation Policy is scheduled for review in 2026.

The SPEN Business Compliance Officer supports the business in the provision of advice and guidance in relation to business separation and works in a collaborative manner with the SP Energy Networks teams and BSCO. A key focus remains the delivery of business separation training to SPEN and the wider ScottishPower group. Across 2025, 3,934 employees and agency workers completed the online Business Separation Compliance course.

The SP CCO has also maintained an oversight role for compliance with the Business Separation Requirements, taking into account the assessment of the BSCO. In July 2025, the SP CCO reported to the SPL A&CC that the Business Separation compliance framework remained appropriate and was effective for the 2024/25 compliance year.

4.3 Conclusions

As a whole the SPL CU has established a solid and comprehensive structure for managing compliance programmes. The range of risks covered is appropriate and reflects the company's operational profile, and the core components expected in a mature compliance programme are in place. Over the course of 2025, activity has been delivered in a way that aligns with the relative priority of identified risks, meaning that the framework can be used to guide activity planning on a consistent basis.

In addition, a more structured and repeatable approach to assessing compliance risk has been embedded, ensuring that ongoing monitoring and future needs are captured systematically and that the framework will continue to evolve in line with emerging risks. Overall, it is concluded that the core compliance programme elements have operated effectively throughout 2025.

05.

Internal Reporting Channels

5. Internal Reporting Channels

5.1 Summary

Safe, confidential reporting mechanisms encourage employees to raise concerns to the organisation and allow those concerns to be appropriately investigated and addressed without risk of retaliation to the reporter. Additionally, the ability of business and other stakeholders to be able to easily engage with Compliance to seek compliance advice and guidance, and their willingness to do so, is an important measure of success. Transparent information on contacts and their outcomes helps to drive a sense of organisational justice, by helping management and employees understand that activity has been taken and allow for corrective action.

In this section we have assessed the following elements:

1. Speaking Out activity. Reporting channels should exist and be accessible, confidential and appropriate for users.
2. Reporting. Information on the Speaking Out channels should be available to demonstrate use of the systems and accountability to management.

The SPL CU advertise and maintain numerous formal routes for reporting an activity or event which that person believes may be fraudulent, dishonest or is in violation of the law, as well as for seeking advice or guidance from members of SP Compliance. The available routes are tailored to suit the different reporter circumstances, including internal and external reporting routes. These routes continued to be used over 2025, with reporting on their use and outcomes provided routinely to management and published for employees through half and full year Speaking Out reports.

ScottishPower maintains a range of Speaking Out options for employees and third parties, which includes options facilitating anonymous reporting, if required. 37 claims and 391 enquiries were processed through Speaking Out routes in 2025.

5.2 Operation in 2025

5.2.1 Claims

ScottishPower employees, workers, leaders and suppliers are expected to Speak Out where they have concerns about wrongdoing or illegal or unethical behaviour. The ScottishPower Code of Conduct for Employees and Directors supports this expectation and sets out the different routes available for raising claims or allegations. For 2025, these routes included:

- Direct contact with the relevant Compliance Officer or a member of the Compliance Unit team.
- The Ethics Helpline reporting option on the ScottishPower Employee Portal.
- The SP Compliance mailbox.

- The external anonymous, reporting service, publicised on ScottishPower's external website.

For the first 6 months of 2025, the external Speaking Out service pointed to a third-party claims reporting service managed by SpeakUp. From July 2025, this was replaced by a bespoke confidential reporting form, allowing anonymous reporting directly to the SPL CU. SP Compliance managed this transition, working with stakeholders across the business and wider Group to ensure the new reporting form was activated and operational, with no loss of service for reporters. Communications were issued across the ScottishPower business to raise awareness of the form and posters featuring a new QR Code reporting directly to the new form were posted around the SP estate. Claims received through that route in the second half of 2025 indicate that it is available and operational for reporters.

The SP Speaking Out routes remained active across 2025. Claims received are recorded in a confidential, controlled reporting system, before being assessed as to whether they are relevant compliance reports that should be admitted for processing. Claims will always be admitted for processing where they are related to compliance, ethics or breaches of internal policy or procedure. A total of 37 claims were admitted for processing by the SP Compliance Unit in 2025 (versus 43 in 2024). Each of these claims were investigated through one of the established business investigation processes.

The table below shows the claims admitted in 2025 by Business:

CLAIMS ADMITTED IN 2025 BY BUSINESS

Claims by Business	TOTAL
Scottish Power Ltd.	4
Scottish Power Energy Networks Holdings Ltd.	15
Scottish Power Renewable Energy Ltd.	7
Scottish Power Retail Holdings Ltd.	11
Total	**37**

The number of claims admitted for processing is slightly reduced from 2024. The number of cases raised through Speaking Out channels can occur for rational reasons, and it doesn't automatically signal a problem. In this case, the decrease affects one year and therefore doesn't necessarily indicate a trend. However, the SPL CU will keep this under review, to identify any factors that might influence a reduction in Speaking Out claims which need to be addressed.

In 2025, the top root cause categories were Inappropriate behaviour among employees, Conflicts of Interest, and inappropriate behaviour with vendors, which is broadly consistent with previous years.

Based on the communications received during the year through this channel (or other available channels including email or via Human Resources), no claims accepted for processing in 2025 had a significant financial or accounting impact, and there were zero serious or sensitive matters identified or reported to the SPL or Iberdrola Compliance Units.

The SPL CU reported across the year to the executive management teams of the Company on the number and nature of cases admitted. In addition, the SPL CU published 2 employee-facing reports in 2025 which highlighted the numbers of cases investigated along with information on outcomes.

5.2.2 Enquiries

The SPL CU also receive and manage enquiries, with individuals requesting advice and guidance on how to deal with a compliance or ethical dilemma or requesting more information on understanding of a process. The opportunity to engage with the business through enquiries is invaluable, allowing advice and guidance to be provided to individuals across the business, in addition to the implementation of corrective action where necessary, thereby preventing wider compliance issues from arising.

A total of 391 enquiries were recorded in 2025, primarily across the SPEN and SPR businesses.

The table below shows the enquiries recorded by Business:

ENQUIRIES MANAGED IN 2025 BY BUSINESS

Enquiries by Business	TOTAL
Scottish Power Ltd.	35
Scottish Power Energy Networks Holdings Ltd.	167
Scottish Power Renewable Energy Ltd.	134
Scottish Power Retail Holdings Ltd.	55
Total	**391**

The number of enquiries recorded in 2025 is a slight increase on the number in 2024 (336), which indicates a positive trend in ongoing proactive engagement with the Compliance Unit. Top categories of enquiries related to Conflict of Interest, Bribery, and Gifts & Hospitalities, reflecting topics of compliance training and engagement across the year. While the number of enquiries under the bribery category is high, these relate primarily to queries from the business around managing potential bribery risk in third party contracts and so do not indicate a concern in relation to bribery.

5.2.3 Information Requests

The SPL CU also responded to 88 Information Requests across the year, including internal requests (requests from business stakeholders to provide information on the Compliance System or for Compliance input to business projects) and external requests (including requests from third parties on the elements of the Compliance System relevant to business activity). This is an 80% increase in requests from 2024 and indicates ongoing Compliance support for business activities.

INFORMATION REQUESTS IN 2025 BY BUSINESS

Information Requests by Business	Internal	External	TOTAL
Scottish Power Ltd.	10	5	15
Scottish Power Energy Networks Holdings Ltd.	6	1	7
Scottish Power Renewable Energy Ltd.	13	7	20
Scottish Power Retail Holdings Ltd.	46	0	46
Total	**75**	**13**	**88**

5.3 Conclusions

The SPL CU has established robust, recognisable and accessible Speaking Out Channels, which allow for the safe reporting and investigation of claims and concerns. The available routes are considered to have operated effectively across 2025. While the number of cases admitted is reduced from 2024, the current indication is that this is a natural year on year fluctuation. This trend will be kept under review.

The level of enquiries and information requests recorded across the year indicate that Compliance is embedded in business activities and a recognised source of advice and guidance. Speaking Out information is available to both management and the wider workforce, indicating transparency and accountability for the service.

It is concluded that the Internal Reporting Channels operated effectively over 2025.

06.

Training, Communications & Awareness

6. Training, Communications & Awareness

Robust level of 2025 training, communications, and awareness activity across the key Compliance risk areas.

6.1 Summary

Employee training and awareness is a cornerstone of an effective ethics and compliance programme. Employees and workers should be able to understand compliance requirements as they relate to their role and receive appropriate engagement, whether driven by business need or periodic reminder. In this section we have assessed the following elements:

1. Training. Compliance training should be appropriately designed, timely and relevant.
2. Communications. Compliance communication activity is essential to support employee awareness of programme activity and the wider compliance system. It should include timely, co-ordinated messages through a range of communication methods.

The SPL CU strategy for training and awareness incorporates general and bespoke compliance content, delivered through formal training courses, ongoing communication and stakeholder engagement activity. This is underpinned by the Training and Comms Road Map ("the Road Map"), a multi-year, risk-based view of planned and delivered ethics and compliance training and comms activity across the Company. The Road Map is reviewed and updated periodically by the Corporate Compliance Team, to ensure planned content is timely, relevant, appropriate to the audience, and has a focus on the areas of higher compliance risk across the organisation. Activities captured on the Road Map for 2025 were delivered across the year.

6.2 Operation in 2025

6.2.1 Training

Training in this context refers to material designed to educate and / or build knowledge on the compliance programme in general or specific elements of the compliance programme and to influence behaviours and actions.

In 2025, 5,213 employees and agency workers were trained by SP Compliance across 60 training events. As some individuals attended more than one Compliance course, the total number of attendees trained in 2025 was 7,020. For 2025, the core focus of Compliance training was for new employees and Line Managers.

For new employees, training incorporated live (by video call) training sessions introducing core Compliance requirements and the completion of the online Compliance and Ethics at ScottishPower training course. 1,023 new employees and workers attended a live video session hosted by their Compliance Officer in 2025. In addition, 1,132 people completed the online Compliance and Ethics course.

A new online Compliance for Line Managers course was launched in August 2025. This course is mandatory for new in role Line Managers and also promoted to existing Line Managers who might find it useful. 566 managers completed the training course in the second half of 2025.

The table below shows the breakdown of training delivered by Business and by event:

2025 COMPLIANCE TRAINING

Training Course	SPL	SPENHL	SPREL	SPRHL	TOTAL
New Starts - Live	86	678	153	106	**1,023**
Other Compliance Updates - Live	110	78	6	171	**365**
Online - Ethics and Compliance	70	892	99	71	**1,132**
Online - Line Manager Compliance	102	263	91	110	**566**
Online - Business Separation	114	3,794	18	8	**3,934**
Total	**482**	**5,705**	**367**	**466**	**7,020**

The launch of the new course highlighted opportunities to improve the process for issuing, managing, tracking and following up online training activity. SP Compliance continues to work with the Learning & Development team to identify efficiencies and improvements in managing compliance training activity.

6.2.2 Communications and Awareness

Communications activity includes any business-wide or more targeted activity designed to raise awareness on general or specific aspects of SPL CU activities. It includes briefings or updates on the compliance programme, or elements of the compliance programme to particular groups of the employee base, to make them aware of new or updated information on the programme.

In delivering communications and awareness activities, the SPL CU aim to vary the tone and format of messages, to help drive uptake and absorption rates. In 2025, 39 individual communications were issued from the SPL CU. This included 3 external communications (the publication of ScottishPower's Modern Slavery Statement, the 2024 ScottishPower Compliance System Transparency Report, and Speaking Out posters for third parties) and 36 pieces of internal communications activity. Activity was delivered across a number of different communication mediums, including email, stakeholder meetings, the employee portal, videos and newsletters. A new key initiative for 2025 was the launch of a recurring Compliance newsletter '*Spotlight on Compliance*'. The aim of the Spotlight was to provide some more informative content on key themes or topics to the ScottishPower population, incorporating real life examples to support the key messaging. Spotlights issued in 2025 covered Leadership Behaviours and Speaking Out.

Stakeholder engagement remains an integral element of compliance training and awareness. Business Compliance Officers attended or hosted a number of meetings with key business stakeholders, with updates on relevant compliance matters including emerging compliance risk, external developments and topical reminders. Business stakeholder engagement continues to be received positively, as demonstrated by formal and informal feedback.

6.3 Conclusions

2025 was a successful year for compliance training, with a substantial volume of compliance training completed over the year. This reflected business needs and growth. Feedback and learning activity from 2025 training will also contribute to successful delivery of the Road Map for 2026.

Compliance communications were issued as planned across 2025, with the Road Map evolving to incorporate the new topical 'Spotlight' activity. Feedback from Internal Communications on this approach has been positive, as it reflects the broader business communications strategy. A further refinement of the communications strategy as we progress into 2026 will help to support and emphasise compliance messaging.

Training and Communications is considered to have operated effectively over 2025.

07.

Accreditations, External Assessments & Internal Audit

7. Accreditations, External Assessments & Internal Audit

Continued positive performance against external standards. The Company maintained both the Ethisphere CLV and the ISO 37001 Anti-Bribery Management system accreditation.

7.1 Summary

External review can support the operation of the Compliance System by providing assurance over elements of its operation and highlighting recommendations for correction or improvement. External assurance is sought in line with the wider Iberdrola Group strategy.

The Company receives further assurance on the effectiveness of the compliance and ethics programme from recognised accreditations, external assessments, and internal audit activity from a variety of advisors.

In this section we have assessed the output of selected external reviews of the ScottishPower Compliance System.

7.2 Operation in 2025

7.2.1 Accreditations

The Company retained two external accreditations through 2025:

- Ethisphere Compliance Leader Verification (CLV). The Ethisphere Institute is a global leader in defining and advancing the standards of ethical business practices and offers the CLV, a globally recognised external accreditation, for organisations whose compliance programmes meet a range of best practice standards.

  The Company was awarded full CLV accreditation in 2024, with a strong score against the 6 assessment categories. Ethisphere also highlighted a number of recommendations for continual improvement, which have been assessed as part of the 2025 Activity Plan. The CLV award is in place until early 2026, when the Company will next be reassessed.

- ISO 37001 (Anti-Bribery Management Systems). ISO 37001 is the International Standard that allows organisations of all types to prevent, detect and address bribery by adopting a robust anti-bribery management system.

  The Company achieved ISO 37001 accreditation in 2023 and successfully retained the accreditation at each of the surveillance audits in 2024 and 2025, including the successful resolution of two major non-conformities arising from the 2024 audit. In the 2025 surveillance audit report, the auditor recognised the strong anti-bribery culture and continuous improvement that continues to be in place across the Company.

7.2.2 Internal Audit & Internal Reviews

There was one Internal Audit review undertaken in 2025, which related to the effectiveness of the SPL compliance programme.

- How We Audit Compliance (HWAC) 2025

  HWAC is a mandatory audit work on the 2025 ScottishPower Internal Audit plan, reflecting an agreed approach to ongoing oversight of the Compliance programme. In 2025, ScottishPower Internal Audit gained insight into Compliance activity through various reviews and engagements, including external assurance, Compliance self-assessment, and engagement with Compliance.

  ScottishPower Internal Audit concluded that the various assessments and reviews support SP Compliance's self-assessment that the Compliance System at ScottishPower continued to operate effectively. It was noted that recommendations and improvement areas were identified through these assessments, and ScottishPower Internal Audit confirmed that SP Compliance has mechanisms to track and monitor progress against these. The final conclusions from this audit were issued in January 2026

Additionally, the SPL CCO maintained regular engagement with the ScottishPower Internal Audit Director throughout 2025, to provide regular programme updates and areas of assurance over the ScottishPower Compliance programme. No concerns with the operation of the Compliance framework have been identified.

7.3 Conclusions

Both internal and external assurance activity has been carried out by reliable, recognised experts and supports the positive ongoing development of the SP Compliance programme into and during 2025.

Based on the above report, it is concluded that, during 2025, the compliance system continued to operate effectively in ScottishPower. It is also concluded that there are no material events or gaps in the compliance programme that have significantly impaired its effectiveness in any material respect over the year.

SP Compliance Unit
July 2026

ScottishPower