



2025 Annual Activity Report

Scottish Power Limited Audit & Compliance
Committee

2025 Annual Activity Report

This is the annual report of the Scottish Power Limited Audit & Compliance Committee (the “**Committee**”) prepared in accordance with Article 5 of the Committee’s regulations (its “**Terms of Reference**”) forming part of the Governance and Sustainability System of Scottish Power Limited (the “**Company**”).

This report was produced by the Committee on 6th February 2026 for submission to the Company’s Board of Directors (the “**Board**”).

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1. Introduction

In accordance with the Articles of Association of the Company, the Board originally established the Committee on 27th February 2009 as a permanent internal body with a non-executive, informative and consultative role as defined in its Terms of Reference. The Terms of Reference are updated from time to time, and were latterly amended on 6th May 2025. and published at: www.scottishpower.com/pages/articles_of_association_and_corporate_organisation.aspx.

Under its Terms of Reference, the Committee has powers and responsibilities to gather information, carry out assessments and present proposals to the Board within the scope of its activities, thereby providing assurance that the Board supervises the relevant activities of the Company and its Group (generally, “**ScottishPower**”). In particular, the Committee is responsible for assessing the ongoing effectiveness of ScottishPower’s risk management and internal control model, which provides assurance that ScottishPower’s management makes its decisions within the framework of the relevant guidelines and standards of the Company. Additionally, the functions of the Committee under its Terms of Reference extend specifically to Scottish Power UK plc (a principal subsidiary of the Company), in accordance with audit requirements for public interest entities.¹

The defined functions and activities of the Committee take into account the fact that the Company is ultimately wholly owned by Iberdrola, S.A., a company listed in the Spanish stock markets (“**Iberdrola**”), and that it is Iberdrola’s designated country sub-holding company for owning the ScottishPower businesses in the UK. Within the context of the wider governance structure of the Iberdrola and ScottishPower Groups, the Committee operates as an autonomous body of the Board of Directors of the Company, whilst adhering to an established Iberdrola Group framework for reporting to the Iberdrola Audit and Risk Supervision Committee (the “**General Framework**”) in accordance with each committee’s regulations.

Scottish Power Energy Networks Holdings Limited (“**SPENHL**”), an indirectly wholly-owned subsidiary of the Company, has its own audit & compliance committee (the “**SPENHL Committee**”), which undertakes the role and function of the Committee as they relate to the wholly owned regulated electricity distribution and transmission network businesses within ScottishPower (“**SP Energy Networks**”), excepting in relation to SP Electricity North West (defined below). The relationship between the Committee and the SPENHL Committee is governed by both committees’ terms of reference and the General Framework.

Following SPENHL’s acquisition, which was cleared by the UK Competition and Markets Authority on 20th March 2025, of an 88% investment in Electricity North West (Holdings) Limited on 22nd October 2024, a company that indirectly owns 100% of the share capital of Electricity North West Limited (“**ENWL**”), which operates its own electricity distribution network business (“**SP Electricity North West**”). ENWL has its own audit & compliance committee (the “**ENWL Committee**”) which undertakes the role and function of the Committee as they relate to ENWL. The relationship between the Committee and the ENWL Committee is governed by both committees’ terms of reference and the General Framework.

¹ Article 4, Terms of Reference

2. Composition, Meetings, and Attendance

In accordance with its Terms of Reference, the Committee consists of the following members:

| Member | Position |
|---|---|
| <i>Iñigo Fernández de Mesa Vargas</i> | External, Non-Executive Member (Chairman) (External Non-Executive Director of Scottish Power Limited) |
| <i>Daniel Alcain López</i> | Internal, Non-Executive Member (Internal, Non-Executive Director of Scottish Power Limited and Director of Control of Iberdrola, S.A.) |
| <i>Wendy Barnes</i> | External, Non-Executive Member (External, Non-Executive Director of Scottish Power Limited) |
| <i>John Hutton, Lord Hutton of Furness</i> | External, Non-Executive Member (External, Non-Executive Director of Scottish Power Limited) |

Lord Hutton of Furness was appointed to the Committee on 6th May 2025 by the Board.

The Terms of Reference stipulates that the Committee on the whole, and its Chair in particular, has the relevant experience in accounting, or financial and non-financial risk management, that at least one of them has experience in information technology, and that the Committee members have relevant expertise in financial, internal control, and the energy or utilities sector. The CVs of the Committee members are published at www.scottishpower.com/pages/audit_and_compliance_committee.aspx.

In 2025, the Committee met on 5 occasions and, pursuant to Article 14(5) of its Terms of Reference, also passed 5 sets of resolutions in writing outwith those meetings. In each case, the members of the Committee were provided with the information required to properly consider the topics raised.

The meetings of the Committee were convened in 2025 as follows:

| <i>Date</i> | <i>Location</i> |
|---|------------------------|
| <i>12th February 2025</i> | Glasgow in person |
| <i>6th May 2025</i> | London in person |
| <i>15th July 2025</i> | Glasgow in person |
| <i>9th October 2025</i> | Glasgow in person |
| <i>9th December 2025</i> | Madrid in person |

The attendance of Committee members during 2025 was as follows:

| Member | Meetings attended |
|---|--|
| <i>Íñigo Fernández de Mesa Vargas</i> | Full attendance |
| <i>Daniel Alcain López</i> | Full attendance |
| <i>Wendy Barnes</i> | Full attendance |
| <i>John Hutton, Lord Hutton of Furness</i> | Full attendance (15 th July onwards, following appointment) |

3. Committee Highlights

Key statistics for 2025 were:

| | <i>Occurance</i> |
|--|----------------------|
| <i>Number of meetings</i> | 5 |
| <i>Number of written resolutions made outwith meetings</i> | 5 |
| <i>Formal Reports of the Committee submitted to the Board</i> | 19 |
| <i>Other formal updates, papers and proposals submitted to the Board</i> | 15 |
| <i>Total number of documents reviewed, including internal reports, papers and proposals presented to the Committee</i> | 141 |
| <i>(of which formal Reports of the SPENHL and ENWL Committees)</i> | (16 – SPENHL) |
| | (8 – ENWL) |
| <i>(of which reports and presentations from the external auditor (KPMG)</i> | (9) |

4. Main Activities

In 2025, the Committee carried out a number of activities in the discharge of its defined function and scope of purview, with respect to the Company and the wider ScottishPower Group (with the exception of those functions carried out by the SPENHL Committee for the SP Energy Networks business and by the ENWL Committee for the SP Electricity North West business).

The key functions of the Committee are listed below under the relevant headings, as they are defined under the Terms of Reference, together with principal examples of the activities that the Committee undertook to discharge those functions.

A. Internal Audit and Risk²

- 👉 Overseeing the independence and efficiency of the Internal Audit and Risk department*
- 👉 Approving the guidelines and annual action plans proposed by the Director of Internal Audit and Risk.*
- 👉 Proposing the Internal Audit and Risk department's budget for approval by the Board.*
- 👉 Evaluating the performance of the Director of Internal Audit and Risk.*
- 👉 Receiving regular information on the activities carried out by Internal Audit and Risk.*
- 👉 Ensuring that the managers of ScottishPower take into account the conclusions and recommendations in the reports of Internal Audit and that there is compliance with the risk strategy of the Company and its Group.*

The ScottishPower Director of Internal Audit and Risk presented to the Committee at its meeting on 12th February 2025 the Internal Audit and Risk Annual Activity Reports for 2024. The Committee evaluated the performance of the Internal Audit and Risk function (and its Director) against its Annual Plan for 2024.

At every meeting in 2025, the Director of Internal Audit and Risk presented an update to the Committee on Internal Audit and Risk's activities against the respective Plans for 2025, including the current status of management actions as well as progress on the implementation of the global Integrated Risk Management (IRM) project.

On 15th July, 9th October and 9th December 2025 the Director of Internal Audit and Risk updated the Committee on work undertaken to align the Internal Audit and Risk department of SP Electricity North West with ScottishPower governance requirements.

The Committee approved changes to the 2025 Internal Audit Annual Activities Plan on 6th May, 15th July, and 9th October 2025.

² Article 3.2(a), Terms of Reference

On 9th December 2025, the Committee approved the 2026 Internal Audit and Risk Annual Plan and the proposed 2026 Internal Audit & Risk Annual Budget (including the resources required to deliver the Annual Plan) for approval by the Board.

B. Internal Monitoring and Risk Management Systems³

- 🔊 Reviewing ScottishPower's internal control system, internal financial information process and internal risk monitoring and management systems.*
- 🔊 Ensuring that the main risks of ScottishPower are identified, managed and adequately reported, including different types of financial and non-financial risks.*
- 🔊 Ensuring the establishment of measures necessary to mitigate the impact of any risks identified and introducing information and internal monitoring systems which monitor and manage such risks, including contingent liabilities or off-balance sheet risks.*
- 🔊 Analysing the relevant weaknesses of any internal control system that may have been detected in the course of the audit of ScottishPower.*
- 🔊 Obtaining information on whether the most significant risks are managed, controlled and maintained within the established tolerance figures.*
- 🔊 Promoting a strategy in which risk is a key factor to be taken into account in all decisions and at all levels within ScottishPower.*
- 🔊 Providing to the Board at least every three months a report on the internal control and risk management systems of ScottishPower.*
- 🔊 Informing the Board of the main litigation matters relating to ScottishPower in order to identify the direct or indirect risks and contingent liabilities arising from existing claims and procedures.*
- 🔊 Overseeing data protection and cybersecurity activities which are reportable to the Board.*

The Director of Internal Audit and Risk and the UK Risk Director presented Risk updates and papers to every meeting of the Committee during 2025, providing updates on performance against defined key limits and indicators, and the main risks facing ScottishPower.

On 12th February , 6th May, 15th July, and 9th October 2025, the UK Risk Director presented to the Committee reports on Enterprise Risk Management which were approved by the Committee and presented to the Board.

On 6th May 2025, the UK Risk Director presented to the Committee the proposed annual update of the groupwide Risk Guidelines and associated risk limits and indicators, which are applicable to ScottishPower, which following review were submitted to the Board.

On 9th October 2025, the ScottishPower General Counsel and Secretary to the Board provided a report to the Committee on Legal Claims and Regulatory Investigations, detailing the status of major legal claims and regulatory investigations and potential legal risks affecting ScottishPower.

On 9th October 2025, the ScottishPower Data Protection Officer provided the Committee an update on data protection matters affecting ScottishPower.

³ Article 3.2(b), Terms of Reference

The Committee received cybersecurity updates at every meeting during 2025 from the Chief Information Security Officer. The papers containing these updates were reviewed and presented to the Board.

On 9th December 2025, the Director of Internal Audit and Risk and the UK Risk Director presented the Risk Assessment Methodology and Criteria to the Committee.

C. Audited Accounts⁴

-  *Proposing to the Board the appointment and the terms of engagement of the Company's auditors, in accordance with applicable regulations.*
-  *Reviewing audit reports before they are issued, with a view to avoiding qualifications, where possible, in their preparation and assessing the results of each audit, supervising the Company's management's response to the recommendations made.*
-  *Opining on the independence of the Company's auditors, on an annual basis and prior to the issuance of the auditors' report.*
-  *Reporting on any non-audit services provided to ScottishPower.*
-  *Receiving information regularly from ScottishPower's auditors on any relevant legislation and/or relevant audit practices in force from time to time.*
-  *Serving as a communication channel between the Board and the auditor.*

On 12th February 2025, the ScottishPower Director of Internal Audit and Risk presented a report to the Committee on the independence of the appointed external auditor (KPMG LLP). The Committee noted that the external auditor had confirmed its independence in writing and that during 2024 it had not reported any situation or risk that could affect its independence. The Committee then submitted its report on the auditor's independence to the Board.

On 15th July 2025, the Director of Internal Audit and Risk presented the Report on ScottishPower's External Audit Fees for 2024. The Committee noted the report, approved them and agreed for presentation to the Board. The Committee reviewed and approved proposal on a proposal for an increase in audit fees for the 2024 statutory audit, and the proposed terms of engagement of the 2025 statutory audit (and reappointment of KPMG LLP) by way of written resolution dated 11th June 2025. The Committee agreed that these proposals be presented to the Board for approval.

On 9th October and 9th December 2025, the Committee considered and approved certain non-audit services to be carried out by the external auditor. The Committee reported its conclusions to the Board. The Committee further reviewed and agreed a proposal to increase the 2025 statutory audit fees, for approval by the Board.

As part of the supervision of the auditing of the financial statements by the Committee representatives from the external auditor (KPMG LLP) appeared before the Committee on 12th February 2025 to present the results of the external auditor's procedures over the consolidated financial statements of the Company to year end 31st December 2024. Representatives from the external auditor appeared before the Committee on 15th July 2025 to present the external auditor's

⁴ Article 3.2(c), Terms of Reference

status update in respect of the review of the interim financial statements of the Company for the six-month period ended 30th June 2025.

Representatives from the external auditor appeared before the Committee on 9th October and 9th December 2025 to present the Audit Plan and Strategy for the year ending 31st December 2025.

At each appearance, representatives from the external auditor provided status updates on ongoing audit work, the timetable and alignment work following the acquisition of SP Electricity North West.

On 18th March 2025, the Committee by written resolution noted the extended audit report for the statutory accounts for the financial year ended 31st December 2024 of Scottish Power UK plc.

D. Financial Information⁵

-  *Overseeing the preparation, presentation, clarity and accuracy of the financial information of ScottishPower.*
-  *Evaluating any proposal regarding any changes within the general accounting practices, policies and procedures of the Iberdrola Group as they relate to ScottishPower and submit proposals or recommendations to the Board.*
-  *Reporting to the Board on the annual and interim financial statements.*
-  *Gathering information on any adjustments to financial statements identified by the external auditor or resulting from the reviews carried out by Internal Audit and Risk, and ScottishPower's position on such adjustments.*
-  *Overseeing compliance with the legal requirements and the correct application of the national and international accounting and financial information principles and practices.*
-  *Informing the Board of the principles under which intragroup transactions have been carried out between any ScottishPower company and group affiliate.*

A key activity of the Committee is the periodic submission to the Board of its reports on the approval of the year end and interim financial information of ScottishPower. The Committee approved four reports for the Board, specifically the:

- Report approved on 12th February in relation to Year End 2024 Financial Information;
- Report approved on 18th April (by written resolution) in relation to Q1 2025 Financial Information;
- Report approved on 15th July in relation to H1 2025 Financial Information; and
- Report approved on 9th October in relation to Q3 2025 Financial Information.

These reports were submitted to the Board, and included an opinion on: (i) the accounting policies and practices compared to the previous year; and (ii) potential risks and sources of uncertainty in the accounting policies and practices adopted with potentially significant impacts to the 2025 consolidated annual accounts.

At the Committee's meetings on 12th February 2025 and 15th July 2025, the ScottishPower Director of Internal Audit and Risk, supported by the Chief Financial Officer, reported on the assurance

⁵ Article 3.2(d), Terms of Reference

processes relating to the preparation of the financial information for the 2024 year-end and the first half of 2025 to ensure that all required reviews, guarantees and certification had been completed.

During 2025, the ScottishPower Chief Financial Officer presented to the Committee a quarterly update on financial performance at each of its meetings on 12th February, 6th May, 15th July and 9th October, together with a year-end financial performance review update at its meeting on 9th December. In addition, representatives of the external auditor at the meetings they attended during the year presented their conclusions on the 2024 statutory audit; conclusions on its HI 2025 review, and its audit plan and strategy for the year-end 2025 audit.

On 9th December 2025, the Committee reviewed the 2025 list of intercompany contracts for the ScottishPower Group, as presented by the Chief Financial Officer, together with the standards and principles upon which those transactions were based and informed the Board of the same on 9th December 2025.

On 9th October 2025, the SP Energy Networks CEO provided an update on the SP Energy Networks Transmission programme.

E. Non-financial Information and Sustainable Development⁶

-  *Supervising the preparation, presentation process, clarity, and integrity of the non-financial information of the ScottishPower Group and on reporting the same*
-  *Supervising the sustainable development activities of the Company and whether its environmental and social practices conform to the Iberdrola Group's global strategy and reporting the same to the Board.*

On 12th February 2025, the Committee reviewed the annual preparation and presentation process of the 2024 Non-Financial Information of ScottishPower, presented by the (Acting) Head of ESG Reporting and Performance, and approved the submission of its report to the Board on the 2024 Non-Financial Information. On 9th December 2025, the Committee received an update on the preparation and presentation process of the 2025 Non-Financial Information of ScottishPower.

On 9th December 2025, the Committee received an update from the Head of Climate Change & Sustainability on ScottishPower's Sustainable Development activities (including the the Company's progress against its Sustainable Development Strategy 'Action 2030'). This update was subsequently submitted to the Board.

F. Compliance Unit⁷

-  *Proposing the appointment of members of the Compliance Unit*

⁶ Article 3.2(e), Terms of Reference

⁷ Article 3.2(f), Terms of Reference

- 👉 *Reviewing and validating Compliance Unit's annual budget prior to its submission for Board approval.*
- 👉 *Approving the annual activity plan for the Compliance Unit and endeavouring to ensure that it has the necessary human and material resources available to it to perform its duties, and to ensure its independence and effectiveness.*
- 👉 *Receiving information from the Compliance Unit on matters relating to regulatory compliance and the prevention and correction of improper or illegal conduct.*
- 👉 *Receiving information from the Compliance Unit on matters relating to the effectiveness of the Company's Compliance System.*
- 👉 *Having the Compliance Unit review the internal policies and procedures of ScottishPower to prevent improper conduct and identify any policies or procedures that might be more effective at promoting the highest ethical standards.*
- 👉 *Reporting to the Board on any proposed amendment to the Compliance Unit Regulations.*
- 👉 *Opining on the Compliance Unit's compliance with its annual activities plan, and its performance, and that of the Chief Compliance Officer (**Compliance Director**), prior to its submission to the Board.*
- 👉 *Reviewing the status of compliance with laws, regulations and internal procedures and the scope and status of systems designed to promote ScottishPower's compliance with laws, regulations and internal procedures.*

On 12th February, 6th May, 15th July, and 9th October the Compliance Director presented a report to the Committee on the Compliance Unit's activities and progress against its Activity Plan for Q4 2024, Q1 2025, Q2 2025, and Q3 2025 respectively.

On 12th February 2025, the Chair of the Compliance Unit presented an update to the Committee on the Unit's operational performance to the year-end 2024, including an opinion on whether the Compliance Unit operated in accordance with its Regulations. The Compliance Director presented the Compliance Unit's report on its activities to year-end 2024 and its report on the effectiveness of the ScottishPower Compliance System to the Committee, which was then submitted to the Board. The Committee evaluated the performance of the Compliance Unit (and its Director) against its Annual Plan for 2024.

On 6th May 2025, the Compliance Director presented the Compliance Unit's update on the effectiveness of the 2024 Crime Risk Mitigation Programme, which conclusions were agreed upon by the Committee. The Compliance Director further presented the draft 2024 Modern Slavery Statement of the Company, which following review by the Committee was submitted to the Board for approval.

On 6th May 2025, the Committee reviewed proposed changes to the Compliance Unit's Regulations, as part of a global review, which were then submitted to the Board for approval.

On 9th October 2025, the Compliance Director presented various policy updates for the Committee's review which were subsequently proposed to the Board for approval, including on the Company's policies regarding financial crime controls. Additionally, the Compliance Director presented the Compliance Unit's risk assessment in relation to the Failure to Prevent Fraud statutory offence, which was then submitted to the Board.

On 9th December 2025, the Compliance Director presented the 2026 Compliance Unit's proposed Activity Plan and 2026 Annual Budget (detailing the required level of resources to deliver the 2026

Activity Plan). The Committee approved the proposed 2026 Activity Plan and submitted the 2026 Budget to the Board.

G. Irregular and Improper Financial Conduct⁸

- Reviewing, subject to the Regulations of the Compliance Unit's Regulations and as reported to the Committee by the Compliance Unit for this purpose, complaints or reports submitted through relevant reporting channels that might have a material impact on the financial statements of internal controls of the Company, and proposing appropriate actions to mitigate or reduce the risk of future occurrences of the same.*

At its meetings on 12th February, 6th May, 15th July, and 9th October, the Compliance Director reported to the Committee the number of claims reported to the Compliance Unit that might have a material financial impact on the Company and reportable to the Committee as such.

H. Related Party Transactions⁹

- Reporting on Related Party Transactions prior to approval by the Company's sole shareholder or Board as appropriate.*
- Ensuring Related Party Transactions are fair and reasonable to the Company.*
- Verifying the fairness and transparency of a Related Party Transaction where the approval of it had been given without a prior report of the Committee.*
- Preparing a report on the Company's Related Party Transactions, for the previous financial year, within six months of the end of that financial year.*
- Informing the sole shareholder of the Company of Related Party Transactions affecting a specific class of director.*

On 12th February 2025, the Compliance Director presented the Compliance Unit's 2024 report for the Committee on Related Party Transactions, following which the Committee's report on the same was presented to the Board.

I. Special Purpose Entities and Tax Haven Companies¹⁰

- Informing the Board prior to adoption of any decision on the creation or acquisition of holdings in special purpose entities ("**SPES**") or in entities domiciled in countries or territories which are considered tax havens ("**THEs**"), and of any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the Iberdrola group.*
- Producing for the Board a report on the monitoring of SPES and THEs.*

⁸ Article 3.2(g), Terms of Reference

⁹ Article 3.2(h), Terms of Reference

¹⁰ Article 3.2(i), Terms of Reference

On 15th July 2025, General Counsel and Secretary to the Board presented the monitoring report for the Committee on the ScottishPower Group Structure and Special Purpose Vehicles (SPVs). Following review, the Committee submitted its report to the Board on the same.

J. Business Separation of Activities Compliance¹¹

- 👉 *Opining and noting on an annual basis the regulated activities business separation report (in addition to any other update) from the Compliance Unit focusing on the effectiveness of the practices, procedures, and systems adopted in accordance with applicable regulatory requirements of ScottishPower on the separation of regulated activities.¹²*
- 👉 *Informing the Board in advance of any changes to the business separation regulatory requirements applicable to ScottishPower.*
- 👉 *Considering the suitability and informing the Board in advance about proposed director appointments and removals to any regulated business subsidiaries of ScottishPower in order to protect the effective independence of the regulated companies.*

During the year, the Committee prepared, in writing, reports to the Board on the suitability of proposed director appointments to SP Energy Networks.

On 15th July 2025, the Compliance Director presented the Compliance Unit's Report on Business Separation 2024/5 which was noted by the Committee and thereafter submitted to the Board.

K. Tax Policy Compliance¹³

- 👉 *Reporting to the Board the level of compliance with the Iberdrola Corporate Tax Policy and tax criteria used during the relevant financial year.*
- 👉 *Endorsing any specific tax strategy of ScottishPower which may be required in the UK.*

On 12th February 2025, the UK Group Tax Director presented a report on the Degree of Compliance with the ScottishPower Corporate Tax Policy and the Committee approved its report for the Board in relation to the same.

On 9th October 2025, the UK Group Tax Director presented the Company's Tax Strategy 2025 which the Committee endorsed and submitted to the Board for approval.

¹¹ Article 3.2(j), Terms of Reference

¹² The Distribution and Transmission licence conditions include a number of requirements relating to separation between electricity network businesses and competitive energy activities. They also require the appointment of a compliance officer with specific tasks and duties including the preparation and submission of an Annual Report to the Licensee.

¹³ Article 3.2(k), Terms of Reference

L. Relationship with the Audit Committees of Iberdrola and UK Subsidiaries¹⁴

- Complying with the General Framework (defined above) in order to formally submit the relevant reportable matters to the Iberdrola Audit and Risk Supervision Committee.*
- Coordinating activities and sharing information with the audit and compliance committees within ScottishPower, through their chairs to inform the Committee of any subsidiary matters that might have a significant impact at group level in the UK, in accordance with regulations on the separation of regulated activities.*

The Committee Secretary, supported by the ScottishPower Director of Internal Audit and Risk, presented to the Committee for noting certain reports of the SPENHL and ENWL Committees, as received from the SPENHL and ENWL Committees' Secretaries throughout the year as part of coordinating and sharing information between the respective committees, as appropriate under their respective terms of reference.

¹⁴ Article 6, Terms of Reference

5. Appearances¹⁵

In accordance with its Terms of Reference, the Committee may request the attendance of directors, managers and other employees of the group to its meetings. In 2025, the following officers or representatives of ScottishPower appeared before the Committee:

| <i>Title</i> | <i>Attendance</i> |
|--|---|
| <i>Committee Secretary</i> | Full attendance |
| <i>Director of Internal Audit and Risk</i> | Full attendance |
| <i>Chief Financial Officer</i> | Full attendance |
| <i>Compliance Director (Chief Compliance Officer)</i> | Full attendance |
| <i>UK Risk Director</i> | Full attendance |
| <i>Chief Information Security Officer</i> | Full attendance |
| <i>UK Group Tax Director</i> | 12 th February and 9 th October 2025 |
| <i>Head of ESG Reporting and Performance (Acting)</i> | 12 th February and 9 th December 2025 |
| <i>General Counsel and Secretary to the Board</i> | 15 th July and 9 th October 2025 |
| <i>Data Protection Officer</i> | 9 th October 2025 |
| <i>Customer Business CEO</i> | 6 th May 2025 |
| <i>SP Energy Networks CEO</i> | 9 th October 2025 |
| <i>Head of Climate Change and Sustainable Development</i> | 9 th December 2025 |

¹⁵ Article 15, Terms of Reference

Representatives of the external auditor (KPMG LLP) appeared before the Committee on 12th February, 15th July, 9th October and 9th December 2025.

On 6th May 2025, the Customer Business CEO, supported by the Chief Financial Officer and the UK Risk Director, attended to present an update on the UK Retail Market.

On 9th October 2025, the SP Energy Networks CEO attended to present an update on the SP Transmission Business Plan.

6. Training¹⁶

The Committee maintains its own training programme, which was approved by it on 6th May 2025 in accordance with its Terms of Reference. During 2025, the Committee received briefings and training on a number of areas, including the following topics:

| Date | Training Topic |
|---|--|
| <i>12th February, 6th May, 5th July, 9th October & 9th December 2025</i> | <ul style="list-style-type: none"> • Risk Management • Cyber Security |
| <i>6th May 2025</i> | <ul style="list-style-type: none"> • Modern Slavery |
| <i>9th October 2025</i> | <ul style="list-style-type: none"> • Financial Crime • Data Protection • Transmission Business |
| <i>9th December 2025</i> | <ul style="list-style-type: none"> • Sustainable Development |
| <i>9th December 2025</i> | <ul style="list-style-type: none"> • Financial Crime |

¹⁶ Article 11, Terms of Reference

7. Conclusions

The Committee provided assurance to the Board throughout 2025 with the following being among its key activities:

- 🔥 **Internal Audit and Risk:** Continuous monitoring of Internal Audit and Risk activities, approval of the 2026 Internal Audit and Risk Annual Activity Plan and proposal of the 2026 Annual Budget for approval by the Board.
- 🔥 **SP Electricity North West:** Monitoring of Internal Audit and Risk activities to align the Internal Audit and Risk department of SP Electricity North West with ScottishPower governance requirements.
- 🔥 **Internal Monitoring and Risk Management Systems:** Reviewing risk reporting, and providing assurance that the risks identified through the key risk reporting process are the major risks faced by the business.
- 🔥 **Audited Accounts:** Proposal to the Board of the terms of engagement and (re-) appointment of the external auditor, and monitoring of the independence of the same.
- 🔥 **Financial Information:** Monitoring of the 2024 year-end ScottishPower financial information for approval by the Board, and noting that no ScottishPower company had qualified statutory accounts. This included changes in accounting policies and practices. Alignment of ENW.
- 🔥 **Non-Financial Information:** Supervising the preparation and presentation (including the clarity and integrity) of the 2024 year-end ScottishPower non-financial information for approval by the Board.
- 🔥 **Compliance Unit:** Continuous monitoring of Compliance Unit activities (including ethical and Business Separation compliance), approval of the 2026 Compliance Unit Activity Plan, proposal of the 2026 Annual Budget for approval by the Board.
- 🔥 **Irregular and Improper Financial Conduct:** Monitoring claims which might have a material financial impact on ScottishPower.
- 🔥 **Related Party Transactions:** Supervising any related party transactions.
- 🔥 **Special Purpose Entities and Tax Haven Companies:** Monitoring of any SPEs or THEs within ScottishPower that would reduce the tax transparency of the group.
- 🔥 **Business Separation of Activities Compliance:** Monitoring business separation compliance

- 👉 **Tax Policy Compliance:** Supervising UK tax strategy and monitoring compliance with group tax policies and level of compliance with the ScottishPower Corporate Tax Policy.
- 👉 **Relationship with the Audit Committees of Iberdrola and UK Subsidiaries:** Noting the reports of the SPENHL and ENWL Committees and submitting the relevant reports to the Iberdrola Audit & Risk Supervision Committee in accordance with the General Framework (as defined).
- 👉 **Training:** Receiving briefings and training on a number of areas relevant to the Committee.

The Committee has further received the report of an independent evaluation, authorised by the Board as part of the global assessment process of Iberdrola's group governance bodies, which found that the Committee had, during 2025, complied with the internal regulations of the Company's Governance and Sustainability System as well as industry standard trends in governance.

Consequently, the Committee was of the opinion that the requirements of its Terms of Reference had been adequately complied with and delivered during 2025. The Committee has prepared this report on that basis.
