



2022 Annual Activity Report

Scottish Power Limited Audit & Compliance Committee

2 February 2023



2022 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 its Terms of Reference forming part of the Governance and Sustainability System of Scottish Power Limited (the “**Company**”).

This version of the report was noted by the Committee on 2nd February 2023 and approved by the Company’s Board of Directors (the “**Board**”) on 14th February 2023.

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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 own regulations as updated from time to time and published at: www.scottishpower.com under Corporate Governance / Board of Directors / Audit & Compliance Committee.

Pursuant to its Terms of Reference, the Committee has powers to gather information, carry out assessments and present proposals to the Board within the scope of its activities.

The Committee provides assurance that the Board supervises the relevant activities of the Company and its Group (generally, “**ScottishPower**”), per the scope of its remit defined in its Terms of Reference. In particular, the Committee is responsible for assessing the ongoing effectiveness of ScottishPower’s Internal Control Model, thereby providing assurance that ScottishPower’s management makes its decisions within the framework of the guidelines and standards of the Company.

The function and activities of the Committee under its Terms of Reference take into account the fact that the Company is the designated country sub-holding company of its ultimate parent company, Iberdrola, S.A. of its business in the UK, i.e. ScottishPower. Iberdrola, S.A. is a company listed in the stock markets in Spain and is the ultimate parent company of the Iberdrola Group. Consequently, the Committee operates, without prejudice to its autonomy (or the autonomy of the Company as a corporate entity), within the Iberdrola Group’s wider governance structure and, specifically, an established framework for reporting and collaboration with the Iberdrola, S.A. Audit and Risk Supervision Committee in accordance with both committee’s respective terms of reference or regulations.

Scottish Power Energy Networks Holdings Limited, an indirectly wholly-owned subsidiary of the Company, has its own audit & compliance committee (the “**SPENH Committee**”), which undertakes the role and function of the Committee as they relate to the regulated electricity distribution and transmission network businesses within ScottishPower. The relationship between the Committee and the SPENH Committee is governed by both committees’ terms of reference (including Article 6 of the Committee’s Terms of Reference).

2. Composition, Meetings, and Attendance

The Committee consists of the following members:

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

NB The following changes occurred during 2022: (i) Professor Sir James McDonald ceased to be the Chairman and an external non-executive member on 20th March 2022 following his appointed as Vice Chairman of the Board; (ii) Iñigo Fernández de Mesa Vargas was appointed Chairman on 21st March 2022; and (iii) Rt Hon. Claire O’Neil and Wendy Barnes were each as appointed as external, non-executive members on 21st March 2022. The position of Committee Secretary was held by Michael Davies, Legal Director – Corporate Services (ScottishPower), at all meetings of the Committee convened during 2022. Mr Davies resigned as Committee Secretary on 14th December 2022, and Andrew Black, Legal Director – Regulation (ScottishPower), was appointed as the Committee Secretary as of the same date. Subsequently, Rt Hon. Claire O’Neill resigned from the Board and the Committee on 17th January 2023.

All members of the Committee have relevant experience in accounting, financial and/or risk management as noted in their CVs (published at www.scottishpower.com under Corporate Governance / Audit & Compliance Committee).

In 2022, the Committee met on 5 occasions and, pursuant to article 14(6) of its Terms of Reference, also made seven 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 in 2022 convened as follows:

<i>Date</i>	<i>Location</i>
10 th February 2022	Glasgow in person & remotely by videoconference
4 th May 2022	Glasgow in person
5 th July 2022	Glasgow in person & remotely by videoconference
4 th October 2022	Glasgow in person & remotely by videoconference
5 th December 2022	Glasgow in person & remotely by videoconference

The level of attendance of each Committee member at those 2022 meetings was as follows:

<i>Member</i>	<i>Meetings attended</i>
<i>Professor Sir James McDonald</i>	Full attendance until date of resignation
<i>Íñigo Fernández de Mesa Vargas</i>	Full attendance
<i>Daniel Alcaín López</i>	Full attendance
<i>Rt Hon. Claire O’Neil</i>	4 th May, 5 th July, 5 th December 2022
<i>Wendy Barnes</i>	Full attendance from date of appointment

3. Committee Highlights

Key statistics for 2022 were:







	<i>Occurance</i>
<i>Number of meetings</i>	5
<i>Number of written resolutions</i>	7
<i>Reports, Proposals and Updates to the Board</i>	33
<i>Internal Reports and Papers presented to the Committee (of which updates from the SPENH Committee)</i>	96 (18)
<i>Presentations/updates from the external auditor (KPMG)</i>	4

4. Main Activities

In 2022, the Committee carried out a number of activities in the discharge of its defined function and scope of review, with respect to the Company and the wider ScottishPower Group (with the exception of those functions carried out by the SPENH Committee for Scottish Power Energy Networks Holdings Limited and its subsidiaries).

The key functions of the Committee are listed below under the relevant headings, together with examples of the activities that the Committee undertook to discharge those functions.

A. INTERNAL AUDIT

-  *Overseeing the independence and efficiency of the Internal Audit department (**Internal Audit**).*
-  *Approving the guidelines and annual action plans proposed by the Director of Internal Audit.*
-  *Proposing the Internal Audit budget for its approval by the Board.*
-  *Overseeing the performance of the Director of Internal Audit (including objectives).*
-  *Receiving regular information on the activities carried out by Internal Audit.*
-  *Ensuring that the managers of ScottishPower take into account the conclusions and recommendations in the reports of Internal Audit.*






The ScottishPower Director of Internal Audit presented a report to the Committee at its meeting on 10th February 2022, summarising the main activities and achievements of Internal Audit in 2021.

At every meeting in 2022, the Director of Internal Audit presented an update to the Committee on Internal Audit's activities, including the current status of management actions.

The Committee approved changes to the 2022 Internal Audit Annual Activities Plan on 4th May 2022, 5th July 2022, and 4th October 2022.

On 5th December 2022, the Committee approved the 2023 Internal Audit Annual Plan, the Director of Internal Audit's 2023 Objectives, and the proposed 2023 Internal Audit Annual Budget for approval by the Board. The annual budget includes the required level of resources to deliver the annual plan, as determined by the Director of Internal Audit. The 2023 Internal Audit Annual Plan was derived in accordance with the guidelines and general plans established by the Director of the Iberdrola Internal Audit department and ensures that activities are focused on ScottishPower's risks.

B. INTERNAL MONITORING AND RISK MANAGEMENT SYSTEMS

-  *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.*
-  *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.*
-  *Maintaining appropriate relationships with ScottishPower's Risk and Compliance departments.*

-  Promoting a strategy in which risk is a key factor to be taken into account in all decisions and at all levels within ScottishPower.
-  Making, at least every six months, a report of the risks of ScottishPower for the Board.
-  Informing the Board on the main litigation matters relating to ScottishPower, to identify the direct or indirect risks and contingent liabilities arising from existing claims and procedures.
-  Overseeing the data protection and cybersecurity activities reported.

The ScottishPower UK Risk Director presented papers to the Committee on 10th February 2022, 4th May 2022, 5th July 2022, and 4th October 2022 providing an update on the performance against defined key limits and indicators, and the main risks facing ScottishPower.

On 10th February 2022 and 5th July 2022, 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 4th May 2022, the UK Risk Director presented to the Committee the ScottishPower Risk Policies and Guidelines.

On 4th October 2022, the ScottishPower Data Protection Officer and the ScottishPower Chief Information Security Officer each provided the Committee a GDPR update and Cyber Security update, respectively. A further Cyber Security update was provided to the Committee on 5th December 2022 by the Chief Information Security Officer. The papers containing these updates were noted and presented to the Board.





C. RISK

-  Overseeing the activities of the Risk department and ensuring its effectiveness.
-  Approving the Risk department's annual plan.
-  Proposing the Risk department's budget for its approval by the Board.
-  Receiving regular information on the activities carried out by the Risk department.
-  Overseeing and assessing the performance of the Risk Department and the UK Risk Director (including objectives).

On 10th February 2022, 4th May 2022, 5th July 2022 and 4th October 2022, the Committee received updates on the activities of the Risk department.

On 5th December 2022, the Committee approved the 2023 Risk department Activity Plan, Risk Director 2023 Objectives and proposed the 2023 Risk department's Budget for approval by the Board. The annual budget includes the required level of resources to deliver the annual plan, as determined by the ScottishPower UK Risk Director.

D. AUDITED ACCOUNTS

-  Proposing to the Board the appointment and the terms of engagement of the Company's auditors, in accordance with the policy adopted by Company.
-  Reviewing the audit reports, assessing the results of each audit, and supervising the Board's response to the recommendations.
-  Ensuring the independence of the Company's auditors.
-  Receiving information regularly from ScottishPower's auditors on any relevant legal issues and/or relevant audit practices in force from time to time.

- 🔥 *Receiving from ScottishPower's auditors, on an annual basis, a written confirmation of their independence.*
- 🔥 *Issuing on an annual basis and prior to the issuance of the auditors' report, a report with an opinion on the independence of the auditors.*
- 🔥 *Receiving information on any non-audit services provided to ScottishPower and issue a report on the same to the Board.*
- 🔥 *Reviewing the contents of the auditors' reports before they are issued, with a view to avoiding qualifications, where possible, in their preparation and assessing the results of each audit, overseeing the reply of the management of the Company to their recommendations.*
- 🔥 *Serving as a communication channel between the Board and the auditor.*

On 10th February 2022, the ScottishPower Director of Internal Audit presented a report to the Committee on the independence of the appointed external auditor (KPMG). The Committee noted that the external auditor had confirmed its independence in the letter sent to the Committee on 8 February 2022 and that during 2021 it had not reported any situation or risk that could affect its independence.

On 5th July 2022 and 4th October 2022, the Director of Internal Audit presented the Update Reports on ScottishPower's External Audit Fees 2021. The Committee noted the reports, approved them and agreed for a presentation of them to the Board. The Committee approved the Proposal on the Terms of Engagement of the 2022 Statutory Audit on 5th July 2022 and agreed that they be presented to the Board (whereupon the Board approved the re-appointment of its external auditor (KPMG) for the following year).

On 5th December 2022, the Committee considered and approved certain non-audit services to be carried out by the external auditor.





As part of the supervision of the auditing of the financial statements by the Committee representatives from the external auditor appeared before the Committee on 10th February 2022 to present the document detailing the results of the external auditor's procedures over the consolidated financial statements of the Company to year end 31st December 2021. Further, representatives from the external auditor appeared before the Committee on 5th July 2022 to present the external auditor's interim review memorandum in respect of the interim financial statements of the Company for the six-month period ended 30th June 2022.

Representatives from the external auditor appeared before the Committee on 4th October 2022 and 5th December 2022 to present the Audit Plan and Strategy for the year ending 31st December 2022.





On 21st April 2022 the Committee passed a directors' written resolution which noted the extension to the audit report for the statutory accounts for the financial year ended 31st December 2021 of Scottish Power UK plc (a principal subsidiary of the Company), in accordance with audit requirements for public interest entities.

E. FINANCIAL INFORMATION

- 🔥 *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.*

-  *Elaborating a report for the Board on the annual, interim semi-annual and quarterly 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 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 affiliates.*

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 10th February 2022 in relation to Year End 2021 Financial Information;
-  Report approved on 13th April 2022 in relation to Q1 2022 Financial Information;
-  Report approved on 5th and 11th July 2022 in relation to H1 2022 Financial Information; and
-  Report approved on 4th and 10th October 2022 in relation to Q3 2022 Financial Information.

These four reports provided the Board with an opinion on: (i) changes to the accounting policies and practices from those adopted in the 2021 consolidated annual accounts of the Iberdrola Group; and (ii) potential risks and sources of uncertainty in the accounting policies and practices adopted with potentially significant impacts to the 2022 consolidated annual accounts.

At the Committee's meetings on 10th February 2022 and 5th July 2022, the ScottishPower Director of Internal Audit also provided assurance on the processes relating to the preparation of the financial information for the 2021 year-end and the first half of 2022 in ensuring that all required reviews, guarantees and certification had been completed.



On 13th April, 11th July and 10th October 2022, the Committee passed directors' written resolutions which approved and noted various matters in relation to the 2022 financial information for Q1, H1 and Q3 respectively.

During 2022, the ScottishPower Control and Administration Director presented to the Committee a quarterly update about financial performance. In addition, the external auditor presented its conclusions of the 2021 statutory audit; conclusions of 1H 2022 review; and audit plan and strategy for the year end audit.

On 4th October 2022 the Committee reviewed the 2022 list of intercompany contracts for the ScottishPower Group together with the standards and principles upon which those transactions were based and informed the Board of the same on 4th October 2022.

At every 2022 Committee meeting, the ScottishPower Retail CEO provided an update on Retail Debt operational metrics and UK market dynamics.









F. NON-FINANCIAL INFORMATION AND SUSTAINABLE DEVELOPMENT

-  *Supervising the preparation and presentation process (including clarity and integrity) of the non-financial information of the ScottishPower Group and reporting the same to the Audit and Risk Supervising Committee of Iberdrola, and the Board, where required.*
-  *Supervising the sustainable development activities of the Company and whether they confirm to the Iberdrola Group's global strategy and reporting the same to the Board.*

On 10th February 2022, the Committee reviewed the annual preparation and presentation process of the 2021 non-financial information of ScottishPower and approved its report for the Board in relation to the same.

On 5th December 2022 the Committee received an update on Sustainable Development activities (including the Sustainable Development Strategy, Science Based Targets, and TCFD reporting). This update was subsequently submitted to the Board.

G. COMPLIANCE DIVISION

-  *Receiving information from the Compliance Division in connection with any matter relating to regulatory compliance and the prevention and correction of illegal or fraudulent conduct.*
-  *Reviewing, through the Compliance Division, the internal policies and procedures of ScottishPower to verify the effectiveness thereof to prevent inappropriate conduct and identify any policies or procedures that might be more effective at promoting the highest ethical standards.*
-  *Reporting to the Board on the amendments of the Compliance Division Regulations.*
-  *Reviewing and ratifying the annual operating budget of the Compliance Division for submission to the Board and ensuring that the independence and effectiveness of the unit and that it has the necessary human and material resources to perform its duties.*
-  *Approving the annual activity plan for the Compliance Division.*
-  *Overseeing and assessing the performance of the Chief Compliance Officer (**Compliance Director**) including objectives.*
-  *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.*
-  *Receiving information from the Compliance Division on matters relating to the effectiveness of the Company's Compliance System.*

On 10th February 2022, 4th May 2022, 5th July 2022, and 4th October 2022, the ScottishPower Compliance Director presented a report to the Committee to update on the Compliance Division's activities for Q4 2021, Q1 2022, Q2 2022, and Q3 2022 respectively.

On 5th December 2022, the Compliance Director presented the 2023 Compliance Division Activity Plan and the Compliance Division 2023 Annual Budget. The Committee approved the plan and proposed the budget for approval by the Board.

On 10th February 2022, the ScottishPower UK Group Tax Director presented a report on the Degree of Compliance with the Corporate Tax Policy which was approved by the Committee.

On 10th February 2022, the Compliance Director presented a report on the effectiveness of the ScottishPower Compliance System to the Committee.

On 10th February 2022, the Committee's Secretary presented a Governance System Evaluation Report delivered by PwC evaluating the governing bodies of the subsidiary companies of Iberdrola, S.A. for 2021. The Committee approved the relevant areas of the report and agreed that a copy of the report would be sent to the Board Secretary.

On 4th May 2022, the Compliance Director presented an update on the effectiveness of the 2021 Crime Risk Mitigation Programme.



On 4th October 2022, the Compliance Director presented the results of the 2022 Fraud, Bribery and Corruption Risk Assessment and a review of Compliance Policies.

On 4th October 2022, the Committee Secretary presented a Tax Strategy Paper setting out, among other things, the approach to risk management and governance arrangements for UK taxation. The Committee approved the paper and agreed that it would be presented to the Board.

On 4th October 2022, the ScottishPower Data Protection Officer presented her report regarding data protection compliance which was also presented to the Board.

On 5th December 2022, the Committee approved the 2023 Compliance Division Activity Plan, Compliance Director 2023 Objectives and proposed the Compliance Division 2023 Annual Budget for approval by the Board. The annual budget includes the required level of resources to deliver the annual plan, as determined by the Compliance Director.

H. IRREGULAR AND IMPROPER FINANCIAL CONDUCT

-  *Establishing and supervising, in coordination with the mechanisms established by the parent company of the Iberdrola group, the channels which permit employees of ScottishPower to communicate confidentially and, if it is deemed appropriate, anonymously, any potentially significant irregularities, especially those which are financial or accounting in nature which they may have witnessed at ScottishPower.*
-  *Undertaking the necessary investigations regarding claims by third parties against ScottishPower or regarding irregular or anomalous conduct.*

On 4th October 2022, the ScottishPower General Counsel and Secretary to the Board provided a report for the Committee on Legal Claims and Regulatory Investigations. The aim of this report is to provide the Committee with an update on the status of major legal claims and regulatory investigations and potential legal risks affecting ScottishPower.

I. RELATED PARTY TRANSACTIONS




-  *Reporting on Related Party Transactions prior to approval of the Company's sole shareholder or Board.*
-  *Ensuring Related Party Transactions are fair and reasonable to the Company.*
-  *Verifying the fairness and transparency of an operation where the approval of a Related Party Transaction is given without a prior report of the Committee.*
-  *Preparing a report on the Company's Related Party Transactions, to which the Committee issued a report, 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 10th February 2022, the ScottishPower Compliance Director presented a report for the Committee on Related Party Transactions which was approved by the Committee and presented to the Board.





On 4th October 2022, the Compliance Director presented a Compliance Policy Review of the Related Parties Procedure with the proposed changes noted by the Committee and presented to the Board.

J. SPECIAL PURPOSE VEHICLES AND TAX HAVEN COMPANIES

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

On 5th July 2022, the ScottishPower General Counsel and Secretary to the Board presented a report for the Committee on the ScottishPower Group Structure and SPEs which detailed changes since July 2021 with respect to ScottishPower SPEs and provided an update on the programme of SPE liquidations. The General Counsel and Secretary to the Board further presented a monitoring report on SPEs noting that there were no SPEs or THEs within ScottishPower and that all non-essential SPEs or THEs have either been previously put into liquidation or sold.

K. BUSINESS SEPARATION OF ACTIVITIES COMPLIANCE

-  *Giving its opinion and noting on an annual basis the Compliance Director Report on Business Separation which provides an update on compliance with the separation of activities focusing on the effectiveness of the practices, procedures, and systems adopted in accordance with applicable regulatory requirements of ScottishPower.*
-  *Overviewing any regulated activities business separation report of ScottishPower.*
-  *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 management independence of the regulated companies.*

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.

On 18th August 2023, the Committee considered the suitability of the proposed director and CEO appointment to a UK regulated business subsidiary and approved its report the same to be sent to the Board.

On 5th December 2022, the Committee considered the suitability of a proposed director appointment to a UK regulated business subsidiary and approved its report on the same to be sent to the Board.

On 4th July 2022, the ScottishPower Compliance Director presented the Chief Compliance Officer Report on Business Separation 2021/22 which was noted by the Committee and authorised its submission to the Board.

L. TAX COMPLIANCE


 *Report to the Board on 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 10th February 2022, the ScottishPower UK Group Tax Director presented a report on the Degree of Compliance with the Corporate Tax Policy and the Committee approved its report for the Board in relation to the same.

On 4th October 2022, the Committee Secretary presented a report on the Tax Strategy 2022 and the Committee approved the Tax Strategy for the Board to note.

M. AUDIT COMMITTEES OF UK SUBSIDIARIES

 *Coordinating actions and sharing information with the audit and compliance committees that exist in the group companies controlled by ScottishPower (i.e. the SPENH Committee) as channelled through the chairmen of the audit and compliance committees of the Company and each subsidiary in question with the purpose to inform the Committee of any matters dealt with by the subsidiaries that might have a significant impact at group level in the UK, all in accordance with applicable legislation and regulations on the separation of regulated activities.*

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

5. Appearances

In 2022, the following officers or representatives appeared before the Committee:

Title	Attendance
<i>Committee Secretary</i>	Full attendance
<i>Director of Internal Audit</i>	Full attendance
<i>Control and Administration Director</i>	Full attendance
<i>Compliance Director (Chief Compliance Officer)</i>	Full attendance
<i>UK Risk Director</i>	Full attendance
<i>UK Group Tax Director</i>	10 th February 2022
<i>Director of ScottishPower Group CEO Office</i>	10 th February and 5 th December 2022
<i>General Counsel and Secretary to the Board</i>	5 th July and 4 th October 2022
<i>Chief Information Security Officer</i>	4 th October and 5 th December 2022
<i>Finance & Resources Director</i>	4 th October and 5 th December 2022
<i>Head of Data Privacy and Protection (Data Protection Officer)</i>	4 th October 2022
<i>Retail CEO</i>	Full attendance
<i>Head of Climate Change & Sustainable Development</i>	5 th December 2022

Representatives of the external auditor appeared before the Committee on 10th February, 5th July, 4th October and 5th December 2022.

6. Training

During 2022, the Committee received briefings and training on a number of areas, including the following topics:

Date	Training Topic
<i>10th February, 4th May, 5th July, 4th October & 5th December 2022</i>	Retail and Wholesale Market dynamics
<i>4th May and 4th October 2022</i>	Modern Slavery
<i>4th October 2022</i>	Data Protection Regulatory Investigations
<i>4th October & 5th December 2022</i>	Cyber Security
<i>5th December 2022</i>	Sustainable Development: ESG, the Science Based Targets initiative, and TCFD Whistleblowing

During 2022, induction training was provided to new members of the Committee.

7. Conclusions

The Committee provided assurance to the Board throughout 2022 with the following being among its key activities:

-  **Internal Audit:** Continuous monitoring of Internal Audit activities (including 2022 objectives), approval of the 2023 Internal Audit Annual Activity Plan (including 2023 objectives) and proposal of the 2023 Annual Budget for approval by the Board.
-  **Internal Monitoring and Risk Management Systems:** Reviewing risk reporting, noting that risk limits and indicators did not report major risk issues and that the risks identified through the key risk reporting process are the major risks faced by the business.
-  **Risk:** Continuous monitoring of Risk Department activities (including 2022 objectives), approval of the 2023 Risk Department Annual Activity Plan (including 2023 objectives) and proposal of the 2023 Annual Budget for approval by the Board.
-  **Audited Accounts:** Proposal of the terms of engagement and monitoring the independence of the external auditor.
-  **Financial Information:** Monitoring of financial information, noting that no ScottishPower company had qualified statutory accounts. This included changes in accounting policies and practices.
-  **Non-Financial Information:** Supervising the preparation and presentation (including the clarity and integrity) of the 2021 non-financial information.
-  **Compliance Division:** Continuous monitoring of Compliance Division activities (including Business Separation and 2022 objectives), approval of the 2023 Compliance Division Activity Plan (including 2023 objectives), proposal of the 2023 Annual Budget for approval by the Board and level of compliance with Iberdrola Corporate Tax Policy.
-  **Irregular and Improper Financial Conduct:** Monitoring claims against the company noting that there are no material claims outstanding against ScottishPower.
-  **Related Party Transactions:** Supervising and monitoring any related party transactions.
-  **Special Purpose Vehicles and Tax Haven Companies:** Ensuring that no Special Purpose Entities or Entities Domiciled in Tax Havens are in existence or have been created within ScottishPower.
-  **Business Separation of Activities Compliance:** Monitoring business separation compliance
-  **Tax Policy Compliance:** Supervising UK tax strategy and monitoring compliance with group tax policies.

 **Audit Committees of UK Subsidiaries:** Noting the reports of the SPENH Committee.

 **Training:** Receiving briefings and training on a number of areas relevant to the Committee.

Consequently, the Committee was of the opinion that the requirements of its Terms of Reference had been adequately complied with and delivered.

