

# SCOTTISHPOWER CORPORATE GOVERNANCE POLICY

6 May 2025

The Board of Directors of Scottish Power Limited (the “**Company**”) has the power to design, assess and continuously revise the Company’s Governance and Sustainability System, and specifically to approve and update policies, which contain the guidelines governing the conduct of the Company, and furthermore, to the extent applicable, inform the policies that the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**SP Group**”), decide to approve in the exercise of their autonomy.

In exercising these powers within the framework of legal provisions, the *Articles of Association* and the *Purpose and Values of the Iberdrola Group*, as well as the Company’s corporate governance strategy, the Board of Directors hereby approves this *ScottishPower Corporate Governance Policy* (the “**Policy**”), which respects, further develops and adapts the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* with respect to the Company.

## 1. Scope of Application

This *Policy* applies to the Company. Without prejudice to the foregoing, it includes basic principles that, in the area of corporate governance, complement those contained in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and, to this extent, must inform the conduct and standards-setting implemented in this area, as the case may be, by their subsidiaries in the exercise of their powers and in accordance with their autonomy.

To the extent applicable, these principles must also inform the conduct of the foundations linked to the Company.

For companies that do not form part of the SP Group but in which the Company holds an interest, as well as for joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other entities in which it assumes management, the Company shall also promote the alignment of its regulations with the basic principles regarding corporate governance contained in this *Policy*.

## 2. Purpose

The purpose of this *Policy* is to establish the Company’s general corporate governance strategy and commitments based on the general corporate governance strategy defined by the Board of Directors of Iberdrola, S.A. (the ultimate holding company of the Iberdrola Group), as provided for in the *Foundations for the Definition and Coordination of the Iberdrola Group* and taking into account the highest ethical standards and compliance with generally accepted good governance recommendations,

with attention to the applicable regulations, as well as their characteristics and particularities.

In this sense, the SP Group regards corporate governance as elementary in the delivery of the corporate interest, focused on the creation of integral (economic, environmental and social) and sustainable value by engaging in the activities included in its corporate object, taking into account the other Stakeholders related to its business activity, in accordance with the *Purpose and Values of the Iberdrola Group*, the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and with the contribution to the achievement of the social dividend.

### **3. Main Principles of the Corporate Governance Strategy**

In order to achieve the objectives relating to the corporate governance strategy, the Company adopts and promotes the following main principles of conduct in each of the areas indicated below:

- a) In relation to good governance: the Company shall adopt leading corporate governance practices, taking into account applicable legal provisions and generally accepted good governance recommendations, based upon business transparency and mutual trust with its Stakeholders.
- b) In relation to the separation of duties and decentralised management within the organisation: the Company shall strictly respect the legal and functional separation of regulated companies and the autonomy that the other companies of the SP Group must have, and comply with the provisions of the *Foundations for the Definition and Coordination of the Iberdrola Group*. For this purpose, it relies on specific mechanisms and procedures to prevent, identify and resolve situations involving conflicts of interest and the separation of powers, whether specific or structural and ongoing.
- c) In relation to transparency: the Company's Governance and Sustainability System entrusts to the Board of Directors the highest-level supervision of the financial and non- financial information approved by the Company and remitted to Iberdrola, S.A. for consolidation and publication, and the Company shall endeavour to ensure that such information is truthful, adequate, relevant, correct, complete, clear, reliable and useful.

In this regard, the provisions of the *Iberdrola Group Financial and Non-Financial Information Preparation Policy* (as approved by the Board of Directors of Iberdrola, S.A.) will be taken into account.

- d) In relation to taxes: the Company's tax strategy is based on three fundamental pillars, i.e. compliance with tax obligations, ongoing cooperation with the tax authorities, and transparency. Furthermore, the Company shall endeavour to ensure an appropriate coordination of the tax practices followed by the companies of the SP Group, all within the framework of fulfilling the corporate interest and

supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

- e) In relation to the internal audit and risk function: the Company has its own Internal Audit and Risk Department, which carries out its responsibilities under the principles of coordination, collaboration and information with the Internal Audit and Risk Department of Iberdrola, S.A. and with the management or functions of the Company's head of business companies. This aligns with the decentralised structure of the Iberdrola Group and the corresponding independence and separation of the responsibilities of each of the companies that make up the Iberdrola Group.
- f) In relation to regulatory compliance and ethics: the Company endeavours to ensure compliance with applicable legal provisions and its Governance and Sustainability System, as well as the ethical principles, promotes a preventive culture based on the principle of "zero tolerance" towards improper conduct and acts that are illegal or contrary to law or its Governance and Sustainability System, on the one hand, and on the other the application of ethical principles and principles of responsible behaviour that must govern the conduct of its directors, professionals and suppliers.

It is for this reason that the Company has its own effective, autonomous, independent and robust Compliance System consisting of a structured set of rules, formal procedures and substantive actions intended to ensure that the Company acts in accordance with ethical principles, the law and internal rules (particularly its Governance and Sustainability System), to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and the corporate interest, and to prevent, manage and mitigate the risk of regulatory and ethical breaches that may be committed by the directors, professionals or suppliers thereof within the organisation.

The Compliance Unit, a collective permanent and internal body linked to the Company's Audit and Compliance Committee, is responsible for proactively and autonomously endeavouring to ensure the implementation and effectiveness of said Compliance System. It has the broadest powers, budgetary autonomy and independence of action to meet its goals.

The Company's Compliance Unit exercise their powers under principles of coordination, cooperation and information sharing with the Compliance Unit of Iberdrola, S.A.. as well as with the compliance units and functions of its subsidiaries, particularly complying with the provisions in relation to the decentralisation of the effective management of the businesses and the corresponding individualisation and separation of the responsibilities of each of the companies comprising the SP Group.

#### **4. Corporate and Governance Structure and Business Model of the Iberdrola Group**

The Board of Directors, the body with the broadest powers to administer the Company, focuses its activity on the approval of the strategic objectives with projection in the United Kingdom based on the general objectives at Iberdrola Group level approved by the Board of Directors of Iberdrola, S.A., as well as in the development of organisation, coordination and supervision with attention to the characteristics, needs and particularities in the United Kingdom and in the businesses developed by the head of business companies of the SP Group.

In relation to the corporate and governance structure of the Iberdrola Group, which is defined in the *Foundations for the Definition and Coordination of the Iberdrola Group*, the Company's Board of Directors has the following powers in any event:

- a) Disseminate, implement and ensure within the head of business companies of the SP Group, the monitoring of strategies and general guidelines established by Iberdrola, S.A., taking into account in this regard the characteristics and singularities of the territories within its scope of action, as well as of the businesses developed by the head of business companies of the SP Group and respecting their autonomy to carry out the effective management and ordinary management of their businesses, as well as their responsibility for the ordinary control of the same.
- b) To approve the consolidated annual budget of the Company and its subsidiaries, directly or indirectly, taking into account their budgetary forecasts and in accordance with the budgetary bases of Iberdrola, S.A..
- c) To promote and supervise, as subholding company in the United Kingdom, the strategy relating to relations with its respective Stakeholders, in accordance with *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, approving in particular the framework for collaboration with the ScottishPower Foundation for the promotion and implementation of activities related to sustainable development policies in the United Kingdom.
- d) To establish along with Iberdrola, S.A., the mechanisms allowing for the exchange of information between the Company and its head of business companies required for strategic coordination at the SP Group level in the interest of all the companies in the SP Group, without undermining the autonomy of the Company and the companies in which it holds an interest or the requirements imposed by law on the directors thereof.
- e) Supervise the provision of common services to the head of business companies in which the Company has an interest stake, promoting and supervising contracts for the provision of intra-group services.

Within the framework of the SP Group's corporate and governance structure, the Company's Board of Directors promotes the creation and operation of committees

providing support or advice to the management team.

The supporting committees, which are cross-functional and linked to strategic functions, strengthen the management bodies as centres that make effective decisions and support the Company's Board of Directors. These supporting committees linked to strategic functions have powers to supervise, manage and organise certain areas of action. They report functionally to the head of the corresponding management team member and shall maintain appropriate coordination with their counterpart committees of Iberdrola, S.A. and with the corresponding functions in their head of business companies.

Specifically, the Management Committee provides technical support to the Chief Executive Officer of the Company with regard to the activities of the Company and the SP Group and the proper discharge of his responsibilities and executive authority in connection thereto.

The aforementioned governance structure of the Company, in accordance with the *Foundations for the definition and coordination of the Iberdrola Group*, pursues an adequate coordination of the activity of the different companies that make up the SP Group and the integration of the SP Group's corporate and business areas with the Iberdrola Group's Business Model.

This Model is aimed at maximizing the operational efficiency of the different corporate and business areas of the Iberdrola Group, and guarantees the dissemination, implementation and monitoring of the general strategy and the basic management guidelines established for each of them. These objectives are achieved without prejudice to the corporate autonomy of the Company and its head of business companies.

## **5. Structure of the Board of Directors and Checks and Balances**

### **5.1. Composition**

The Board of Directors is composed by a minimum of three and a maximum of ten directors, where there will be a significant presence of directors classified as external who, in view of their personal and professional conditions, can carry out the duties thereof without being constrained by relationships with the Company, with any other company of the Group, or with the directors, significant shareholders or members of management thereof

### **5.2 Positions on the Board of Directors**

#### **a) Chairman of the Board of Directors**

The Chairman of the Board of Directors shall exercise the powers given to him in accordance with the law and the Company's Governance and Sustainability System and, in particular, the following: to convene and chair the meetings of the Board of

Directors, setting the agenda for the meetings and directing the discussions and deliberations, to stimulate debate and the active participation of the directors during the meetings, safeguarding their independence.

The Board of Directors may elect a deputy chairman from its ranks, on the proposal of the Chairman. In the event that the Board of Directors has elected a vice chair, he or she shall temporarily replace the Chairman of the Board of Directors in the event of absence. In the event that there is no vice chair, the Directors present may choose one of their number to be chair of any meeting in the absence of the Chairman.

b) Executive Director

The Chief Executive Officer is responsible for the day-to-day management of the businesses of the SP Group's companies as the person with overall responsibility for all of them, with the highest executive duties in this area, within the framework of the corporate and governance structure defined in the *Foundations for the Definition and Coordination of the Iberdrola Group*. The Chief Executive Officer also reinforces and facilitates the exercise of the powers vested in the Chairman of the Board of Directors, to whom the Chief Executive Officer reports.

It is the responsibility of the Chief Executive Officer of the Company, appointed by its Board of Directors, to promote the concrete implementation of the general strategies and basic guidelines of the Iberdrola Group and, in particular, of the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, within the SP Group, proposing the objectives and the annual budget and being able to represent the Company before governmental and other relevant authorities in coordination, where appropriate, with the executive directors of the head of business companies of the SP Group, as well as performing such other functions as determined by the Board of Directors, always acting under the supervision of the latter.

The Chief Executive Officer also reports to the Board of Directors and regularly submits management reports thereto, presenting any proposed decisions regarding the matters within their purview.

For the proper exercise of his functions and in order to ensure strategic coordination, and subject always to any provision regarding the separation of the regulated businesses, the Chief Executive Officer may receive information from the CEOs of the head of business companies of the SP Group, who organisationally report to their boards of directors.

c) Secretary of the Board of Directors

The secretary of the Board of Directors endeavours to ensure, by advising on, the formal and substantive legality of the actions of the Board of Directors, as well as the coordination among the secretaries of the committees of the Board of Directors

in all matters relating to the Governance and Sustainability System and to compliance with it.

### **5.3 Committees of the Board of Directors**

The Board of Directors shall have at least an Executive Committee and an Audit and Compliance Committee. The composition, powers and operation of these committees are governed by their respective regulations, which are approved by the Board of Directors.

The Executive Committee is a basic corporate governance instrument of the Company, the primary function thereof being to support the Board of Directors in supervising the implementation of the strategy defined thereby, ensuring the continuous implementation thereof throughout the year.

The chair of the Executive Committee informs the Board of Directors of the matters dealt with and the resolutions adopted at the first meeting of the Board held after the meetings of the Executive Committee.

The Audit and Compliance Committee shall be composed of a minimum of three (3) directors appointed by the Board of Directors, with a majority of the directors being classified as external.

### **5.4 Meetings of the Board of Directors and its committees**

The directors must personally attend the meetings held by the Board of Directors and the committees of which they are members and, if unable to attend in person, they must give a proxy to another director, together with appropriate instructions.

As regards the means for attending meetings, the Company shall promote the use of new technologies by the Board of Directors and its committees, which constitute a fundamental element for the efficient performance of their duties, and have the tools required to allow for the holding of meetings of its corporate decision-making bodies by remote means of communication.

Annex I to this *Policy* sets out the specific rules that must be met to use remote communication systems to hold meetings of the Board of Directors and of the committees thereof.

### **5.5 Checks and balances system**

The structure of the Board of Directors, with relevant presence of external directors, the existence of consultative committees and the corporate and governance structure and the Iberdrola Group's Business Model described above articulate a system of checks and balances ensuring that the decision-making power of the Chief Executive Officer and the Executive Committee is subject to appropriate controls and balances, ensuring that they are under the effective supervision of the Board of Directors.

Along the same lines, the corporate and governance structure of the SP Group itself is designed such that management power is not centralised within a single governance body or a single person, but rather is decentralised among the boards of directors of the head of business companies, the Company's main function being the development in the United Kingdom of the strategic definition, organisation, coordination and supervision of the SP Group.

## **6. Implementation and Monitoring**

For the implementation and monitoring of the provisions of this *Policy*, the Board of Directors is assisted by the Office of the Secretary of the Board of Directors, which shall further develop the procedures required for such purpose.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 6 May 2025.



## **ANNEX I**

### **Specific Rules regarding the Use of Remote Communication Systems to Hold Meetings of the Board of Directors and of the Committees thereof, security and IT privacy**

#### **Rule One. Forms of Holding Meetings**

1. Meetings of the Board of Directors and of the committees thereof shall be held in person at the place indicated in the call to meeting.
2. If so decided by the chair of the decision-making body in question on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed, where appropriate, to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same meeting.
3. The call to meetings to be held at several places connected among themselves shall prioritise the use of rooms available at facilities of the Iberdrola Group's companies and the use of systems in the following order of priority: telepresence, video-conference and conference calls.

#### **Rule Two. Attendance at Meetings by Remote Communication Systems**

1. On an exceptional basis, based on the circumstances in each case, the chair of the decision-making body in question may authorise the attendance at the meeting of one or more directors by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time.
2. For this purpose, efforts shall be made for the director who must attend a meeting using remote communication systems to connect from a room available at the facilities of the Iberdrola Group's companies.
3. If this is not possible or appropriate, the chair of the decision-making body in question may authorise the connection from other locations using devices provided by the Company (computer, tablet or mobile phone), giving priority to the use of video-conference systems, and allowing telephonic means (without image) on an exceptional basis.
4. The chair of the decision-making body in question may approve the use of other access systems on justified grounds, provided that this does not endanger the confidentiality or security of the meeting.

5. These instructions must be observed for the attendance of guests at meetings of the Board of Directors and of the committees thereof.

### **Rule Three. Confidentiality**

1. If the attendance of directors or guests at any meeting of the Board of Directors or of the committees thereof does not take place at the facilities of the Group's companies, the attendees shall be responsible for taking the measures necessary to ensure the confidentiality and security of the meeting.
2. For this purpose, they must connect from a private, closed and silent room that ensures the confidentiality of the deliberations, resolutions and materials used at the meeting and without the presence of third parties.

### **Rule Four. Identification of Attendees**

1. The secretary for the meeting shall be responsible for identifying the remote attendees at the beginning of the meeting and, in the case of guests, when they connect. If the secretary connects remotely, the chair of the meeting shall be responsible for the identification thereof.
2. If there are reasonable concerns regarding the identity of an attendee at the meeting, the chair may decide that they must leave the meeting.

### **Rule Five. Conduct of the Meeting**

1. In the interests of good order and conduct of the meetings held using remote communications systems, the attendees (whether directors or guests) must observe the measures indicated by the chair of the decision-making body, including, by way of example and not limitation, the disconnection of calls placed on hold or muting the microphones of the devices from which they are connecting.
2. Meetings at which remote communications systems are used may not be subject to any type of recording, storage, broadcast or dissemination.
3. If a director attending remotely must leave the meeting during deliberations or voting on a matter, the director must disconnect from the meeting. The secretary for the meeting must verify the disconnection and record it in the minutes.
4. The secretary for the meeting shall be responsible for verifying that guests attending meetings remotely do so at the portion of the meeting decided by the chair.
5. The chair of the meeting may suspend or end the meeting at any time due to technical incidents that prevent the proper conduct thereof or endanger the confidentiality of the deliberations, the resolutions or the materials used.

6. If a technical incident definitively prevents the connection of the chair of the meeting with the other attendees, the meeting shall automatically be deemed to have ended. The secretary shall record this in the minutes, and no additional resolution or action shall be required. In other instances, the chair of the meeting shall be responsible for deciding whether to continue with or to suspend the meeting.

#### **Rule Six. Compliance with Rules**

Prior to connecting to any of the meetings of the Board of Directors or of the committees thereof (or immediately after connecting, if not possible beforehand), the attendees (whether directors or guests) must confirm that they are aware of and undertake to comply with the rules described above.

#### **Rule Seven. IT Security and Privacy Rules**

The following mandatory rules and limitations are established on the use by the directors of the software and on-line systems, applications and elements relating to the performance of their duties, and particularly on accessing the directors' website and information regarding the Iberdrola Group, as well as on participating in meetings of the Board of Directors or of the committees thereof:

- a) Directors must follow the instructions established and communicated to them by the Company concerning access, security, operation and use of the hardware and software, including computer programs, access to websites, applications and mobile communication devices.
- b) Before using private data transmission devices to access the Company's systems and applications, they must inform the Office of the Secretary of the Board of Directors and comply with the security and privacy protocols established by the Company.
- c) At the meetings of the Board of Directors and of the committees thereof, as well as at any other meeting in which the directors of the Company participate in their capacity as directors, they must observe the security and privacy protocols established by the Company, which may contemplate that mobile telephones and data transmission devices in general are to be switched off during the entire duration of such meetings, as well as restrictions on receiving or making calls or connections during the meetings.

The Company shall respect and protect the privacy of directors' communications and data in the use of the software and on-line systems, applications and elements it makes available to them.

**Rule eight. Interpretation**

The Chairman of the Board of Directors shall be responsible for the final interpretation of these rules. Without prejudice to the foregoing, if any issues arise regarding the interpretation hereof which must be resolved during the meeting and the Chairman of the Board of Directors is not in attendance because it is a meeting of another decision-making body, they shall be resolved by the person chairing the meeting, and in the absence thereof, by the secretary of the decision-making body in question.

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