



# COMPLIANCE REGULATIONS

**SEPTEMBER 2018**

# Compliance Regulations of Scottish Power Foundation

26 September 2018

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# Compliance Regulations of Scottish Power Foundation

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## TITLE I. NATURE, PURPOSE AND MODIFICATION

### Article 1. Nature and purpose

1. The Board of Trustees of the Scottish Power Foundation (the “**Foundation**”) approves these regulations (the “**Regulations**”) for the operation of compliance related functions of the Foundation (the “**Compliance Function**”).
2. The Compliance Function is responsible for the proactive regulatory compliance of the Foundation.

### Article 2. Modifications

Any amendment of these *Regulations* must be approved by the Board of Trustees.

## TITLE II. COMPLIANCE DIRECTOR

### Article 3. The Compliance Director

1. Overall responsibility for the Compliance Function lies with the Compliance Director, who shall be entrusted with the powers needed to carry out his or her duties.
2. The individual holding the role of Secretary of the Foundation shall, unless and until the Board of Trustees determines otherwise, also fulfil the role of Compliance Director.
3. The Compliance Director shall manage the operations and budget of the Compliance Function and shall also be responsible for executing the corresponding measures and action plans while ensuring that the Compliance Function proactively discharges its duties.
4. The Compliance Director shall establish the structure of the Compliance Function under the principles of independent and effective management, while the Board of Trustees shall take steps to ensure that the Compliance Function has the human and material resources needed to carry out its tasks.
5. The Compliance Director must not be a member of the Foundation’s Board of Trustees.

## TITLE III. FUNCTIONS

### Article 4. The Compliance Function

1. The primary duties of the Compliance Function shall be:
  - a) To promote the dissemination, knowledge of and compliance with, the Foundation’s Good Governance Code, Code of Ethics and the rules and procedures contained within the Foundation’s Anti-Bribery and Corruption Policy.
  - b) To safeguard the compliance with, operation and effectiveness of the *Anti-Bribery and Corruption Policy*, and oversee the introduction, rollout and fulfilment of the Foundation’s bribery prevention policies.
  - c) To promote a preventive culture based on the principle of “zero tolerance” towards unlawful acts and fraudulent situations, and on the application of the principles of ethical, responsible conduct by all Foundation personnel, regardless of their seniority or the country in which they work.
  - d) To review the internal procedures of the Foundation in order to ensure their effectiveness in preventing inappropriate conduct and identifying possible procedures that could be more effective in promoting the highest ethical standards.
  - e) Manage the Foundation-related submissions to the ethics mailbox (the “**Ethics Mailbox**”) and take or coordinate the necessary steps for investigating claims and issuing any decisions made following investigations of claims.
  - f) To promote the preparation and implementation of suitable training programmes, both face-to-face and on-line or using any other method deemed appropriate for the Foundation’s personnel on the obligations imposed in the Good Governance Code and Code of Ethics, The Anti Bribery and Corruption Policy and the applicable legislation, with sufficient regularity to guarantee that their knowledge on this matter remains up to date. In particular, personnel will receive dedicated training on the Good Governance Code and the Anti-Bribery and Corruption Policy and, when necessary, on its implementing rules, focusing on corruption and responsibility, and the legal and regulatory obligations specifically applicable to their function.
  - g) To establish the tools needed to ensure documentary proof and record-keeping of the functions which make up the compliance system.
  - h) To evaluate, at least once year, compliance with and effectiveness of the Anti-Bribery and Corruption *Policy*.
2. For these purposes, the Compliance Function will be responsible for implementing and maintaining such procedures that it deems necessary to prevent criminal activity and fraud within the Foundation.

3. The Compliance Function and the Compliance Director shall likewise exercise all further powers, whether specific or more general in nature that may be entrusted to them by the Foundation's Board of Trustees or by the Foundation's Articles of Association or other rules and regulations of the Foundation's system of governance.

#### **Article 5. Relationships with the Compliance Division of Scottish Power UK Plc and other compliance units or divisions of companies in the Iberdrola Group**

1. The Compliance Director shall work in partnership with the Compliance Division of Iberdrola España, S.A.U. in the discharge of duties in adherence to the law and the Foundation's governance system, exchanging information and best practices within their area of powers. In this regard, the Compliance Function may draw up a protocol for collaborating with the Compliance Division of Iberdrola España, S.A.U.
2. Additionally, through the Compliance Division of Iberdrola España, S.A.U, the Compliance Director may collaborate with any other compliance unit or division in the companies of the Iberdrola Group.

#### **Article 6. Foundation's Board of Trustees**

1. Notwithstanding the duties and responsibilities of the Compliance Function and the Compliance Director set out in these *Regulations*, ultimate responsibility for these functions, particularly in relation to dealing with any issues that may arise in the context of carrying out the Compliance Function, shall rest with Foundation's Board of Trustees.
2. In particular, the Compliance Function and the Compliance Director shall liaise with the Foundation's Board of Trustees, in cases where it may be appropriate to report a notifiable event to the Office of the Scottish Charity Regulator ("OSCR"), to ensure that OSCR's expectations regarding direct charity trustee involvement in these circumstances are met.

### **TITLE IV. RESOURCES, BUDGET, ANNUAL ACTIVITY PLAN, DUTIES AND POWERS**

#### **Article 7. Material and human resources**

1. The Board of Trustees will ensure that the Compliance Function shall have available to it such resources as are required in order to ensure its independence and effectiveness.

#### **Article 8. Powers and advice**

1. The Compliance Function, through the Compliance Director and to the extent permitted by pertinent legislation, shall have access to the information, documents and offices of the trustees and personnel in the Foundation, including any deeds and documentation of the bodies that manage, supervise and control for the sake of discharging its duties properly. In this regard, all personnel and trustees in the Foundation must provide any required cooperation to the Compliance Function to enable it to carry out its duties.
2. The Compliance Director may also seek, at the expense of the Foundation, the cooperation or advice of outside professionals, who shall address their reports directly to the Compliance Function.
3. Whenever possible, and so long as the effectiveness of its efforts remains unaffected, the Compliance Function shall seek to undertake its activities transparently, reporting to the affected trustees and personnel when possible and appropriate as to the purpose and scope of the activities.

#### **Article 9. Duties of the Compliance Director**

1. The Compliance Director must act with independence of opinion and action in carrying out his/her duties and must perform his/her work with the utmost diligence and professional competence.
2. The Compliance Director shall keep any discussions and resolutions confidential and in general refrain from disclosing any information, data, reports or background information to which he/she may have access while discharging his/her duties, and from using any of the foregoing for personal or third-party benefit notwithstanding the applicable duties of transparency and information. The duty of confidentiality of the Compliance Director shall prevail even after the individual no longer holds the position.

### **TITLE V. ETHICS MAILBOX**

#### **Article 10. Creation of the Ethics Mailbox**

1. Scottish Power UK Plc has implemented an Ethics Mailbox to promote compliance with the law and the rules of conduct set out in the *Code of Ethics*. The Ethics Mailbox is a confidential and transparent channel through which Scottish Power UK Plc or the Foundation can be notified of illegal or unethical behaviour which contravenes the law or the standards of conduct set out in the *Code of Ethics*.
2. Communications addressed to the Ethics Mailbox may be sent by completing an electronic form that will be available in the “Ethics Mailbox” section of the Employee’s Portal.

#### **Article 11. Ethics Mailbox Management**

1. Any communication made to the Ethics Mailbox which relates to the Foundation shall be dealt with by the Compliance Function.
2. When undertaking its duties, the Compliance Function must observe the rules and principles set out in the Code of Ethics.
3. The principles, rules of conduct and guarantees set out in this section in relation to the ethics mailbox shall apply throughout the process of reviewing and investigating each case referred to the Compliance Function regardless of how that case has been raised.

#### **Article 12. Receipt of Complaints**

1. On receipt of a communication addressed to the Ethics Mailbox, the Compliance Director shall determine whether the Compliance Function should proceed to process it.
2. The Compliance Director shall not process any communication when the sender has not been identified sufficiently, the data protection requirements have not been met, or when the action reported does not (a) constitutes a breach of the Foundation’s governance system or (b) conduct that could violate the law which could have repercussions on the professional duties of the person who committed the breach within the Foundation or on Foundation’s interests and reputation.
3. With a view to determining whether or not to process a particular communication, the Compliance Director may, at his/her own discretion, opt to call on the communication’s sender to clarify or complete the communication by furnishing documentation and/or data that is necessary to substantiate the existence of the alleged conduct.
4. The Compliance Director shall work in partnership with the Compliance Division of Scottish Power UK Plc and, where necessary, other compliance units or divisions of companies in the Iberdrola Group to develop protocols setting out how a submission which relates both to the Foundation and Scottish Power UK Plc or other companies in the Iberdrola Group should be processed.

#### **Article 13. Processing Complaints**

1. Having decided to process the communication, the Compliance Function shall undertake the corresponding investigation and handle the case; the collaboration of external advisors is permitted if necessary. If the complaint is lodged against a member of the Compliance Function, this person may not participate in processing the complaint.
2. The Compliance Function shall check the veracity and accuracy of the information contained in the communication and, in particular, the reported conduct, in relation to the rights of the affected parties. For such purposes, it shall undertake a hearing process for all affected parties and witnesses, and undertake any diligence it deems necessary. All relevant people shall be required to cooperate in the investigation in good faith. The participation of witnesses and affected parties shall be strictly confidential.
3. The hearing process (which shall be held within three months of receipt of the communication) shall include, whenever possible, a private interview with the person allegedly responsible for the reported conduct, during which, within the framework of guaranteeing the presumption of innocence, this person shall be informed of the facts under investigation and asked to provide his/her full version of the facts.
4. The Compliance Function shall afford this person an opportunity to furnish proof and ask him/her questions about the case and the reported facts. In addition, all affected parties shall be informed of the processing of their personal data, and any other duty imposed by law on the protection of personal data shall also be complied with.
5. In all investigations, the right to privacy, self-defence, and the presumption of innocence of the people under investigation is guaranteed.

#### **Article 14. Decision**

1. After processing the case, the Compliance Function shall issue a fully reasoned decision as necessary.
2. If the issued decision concludes that an individual has committed an act in violation of the law or applicable rules of conduct specifically pertaining to the personnel of the Foundation, the matter will be transferred to the Foundation’s Director for the appropriate application of disciplinary measures, details of which shall then be reported to the Compliance Function. In the event of an irregularity or act in violation of the law or the corporate governance system rules affecting a member of the Board of Trustees, the Compliance Function will pass the resolution on to the Board of Trustees through the Secretary of the Board of Trustees to apply any of the measures contemplated in the corporate governance rules.

## **Article 15. Protection of personal data**

1. The transfer of personal data via the Ethics Mailbox may result in the Foundation processing the personal data of the person who has sent the communication and the person who has been reported. Any personal data processed by the Foundation will be processed in accordance with Scottish Power UK plc's privacy policy available here: <https://www.scottishpower.co.uk/legal/privacy-policy>.
2. In general, the reported party shall be informed of the existence of a complaint when the initiating the steps to conduct the investigation. However, in cases with a significant risk that such a notification could jeopardise the ability to effectively investigate the allegation or to gather any required evidence, such notification to the reported party may be delayed for as long as the risk exists. In any event, such period shall under no circumstances exceed three months as from receipt of the report.
3. Persons sending a communication through the Ethics Mailbox warrant that the personal data provided is true, correct, complete and current.
4. The data processed within the framework of the investigation shall be deleted as soon as such investigation has finished, unless the measures adopted give rise to administrative or legal proceedings. In addition, the Foundation shall keep such data duly blocked during periods in which any liability could arise from the reports filed or from the steps taken by the Foundation. The Foundation should also consider the need to preserve data that might be relevant to an OSCR investigation.
5. In accordance with applicable data protection legislation, Ethics Mailbox users may exercise their rights of access, rectification, erasure, restriction and portability in relation to their personal data at any time. For more information on the rights of data subjects, please see Scottish Power UK plc's privacy policy available here: <https://www.scottishpower.co.uk/legal/privacy-policy>.