

Specific Regulation of the
Code of Ethics of Iberdrola, S.A.
and its group of Companies
to ScottishPower
Code of Conduct & Disciplinary Rules

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The Specific Regulation of the Code of Ethics of Iberdrola, S.A. and its Group of Companies to ScottishPower Code of Conduct & Disciplinary Rules is a partial and subsidiary Specific Regulation of the Code of Ethics of Iberdrola, S.A. and its Group of Companies. It adapts the Code to UK legislation, to the special features of ScottishPower and to its environment, in accordance with provision of Article 2.3 of the Code of Professional Ethics of the Iberdrola, S.A. and its Group of Companies.

The Code of Ethics represents the standards regulating all principles which shall govern the members of the Group. In this sense, under no circumstance shall the Specific Regulation of the Code of Ethics of Iberdrola, S.A. and its Group of Companies to ScottishPower Code of Conduct & Disciplinary Rules contradict or refute what has been established in the Code of Ethics of the Group unless such contradiction responds to any legal requirements. Should a contradiction arise, under literal construction or under any other kind of construction, the principles established in the Code of Ethics of the parent company shall prevail.

In any case, the interpretation of the Code of Conduct of ScottishPower shall be entrusted to the Commission established for these purposes by Iberdrola as supervising and superior body in accordance with the provision of Article 3 of the Code of Ethics of Iberdrola, S.A. and its Group of Companies.

1. Responsibilities

Employee Responsibilities

It is the responsibility of all of us to understand and comply with the ScottishPower Code of Conduct.

The Code of Conduct provides a basis to help us better understand what Iberdrola and ScottishPower require of us. If we are in doubt about a particular situation, we should always ask ourselves the following questions before engaging upon an activity:

- Will my actions fully comply with Group Policies and the Code of Conduct?
- Would ScottishPower's goodwill, business reputation or integrity be subject to criticism if what I am doing became public?
- Would ScottishPower be embarrassed if my action became public?
- Could I explain my action to my family?
- How would my action look to my colleagues if they knew?
- Am I, or is my manager, actually authorised to do what is proposed?
- Do I need guidance or advice before acting?

Additional Manager Responsibilities

It is imperative that all Managers lead by example and ensure that their teams:

- Are aware of the Code of Conduct
- Comply with the Code of Conduct
- Do not undermine the Code of Conduct in any way
- Are aware of the Iberdrola Code of Ethics
- Comply with the Iberdrola Code of Ethics
- Have a safe place of work and a positive working environment that supports open communication regarding legal and ethical concerns
- Understand the Speaking Out and Whistleblower Protection Policy
- Are aware of the up-to-date and relevant laws and regulations and the requirements of ScottishPower
- Are directed to their local Legal Department with any questions regarding the Code of Conduct or related Company policy, law or regulation

Many of the topics addressed in the Code of Conduct are drawn from the existing comprehensive policies and procedures that already apply to us. The Code of Conduct and the referenced policies can be found on your local Intranet site.

Reporting Concerns & “Whistleblowing” – Our Speaking Out Policy

The Specific Regulation cannot be fully effective without the collective and individual co-operation and diligence of all of us. Our success relies not only upon our compliance with the Specific Regulation, but also upon each of us raising, in good faith, any legitimate concerns we may have that ScottishPower or its employees have acted improperly.

Our **Speaking Out and Whistleblower Protection Policy** encourages honest communication from all of us. As we want to encourage open discussion of these issues, all reports of potential infringement of the Specific Regulation will be treated as being strictly confidential. Additionally, there will be no implications and no disadvantage to employees raising any concerns about compliance with the Specific Regulation in good faith. There are a number of legislative provisions that prohibit employees at any level of the organisation from behaving inappropriately towards an employee for reporting or supplying information in good faith about possible or actual violation of the Specific Regulation.

There are various routes for speaking out/whistleblower communication and these are explained in Appendix 1 - Additional Guidelines on the Specific Regulation. They include reporting in confidence and anonymously through an external and independent company. Whilst you have the option of reporting any legitimate concerns you may have on an anonymous basis, we would highlight the fact that reports of potential infringement of the Specific Regulation will always be treated as strictly confidential and a decision to report on an anonymous basis may affect ScottishPower’s ability to provide meaningful feedback to you on the outcome of the appropriate investigation.

Further Guidance

No guide dealing with the conduct of staff can be exhaustive. If an employee is ever in doubt about what he or she is about to do and whether it could be construed as misconduct, then advice and guidance should be sought from his or her immediate manager, or 1HR Direct.

The policies referred to in this document are amended from time to time - copies of the latest versions are available from the HR Intranet.

2.Conflicts of Interest;

developing the provisions of the Code of Ethics of Iberdrola, S.A.
and its Group of Companies

General Principles

We all must be alert to any situation that might erode our reputation or cause others to doubt the fairness or impartiality of ScottishPower or its decision-making processes.

Further guidance can be found in the **Company's Policy on Gifts, Hospitality and Conflicts of Interest and in the Company's Anti- Bribery and Corruption policy.**

Do

- Avoid situations in which your personal interests, including financial interests, conflict, or even appear to conflict, with the interests of ScottishPower
- Ensure that all financial, business or personal activities that you engage in outside the scope of your employment are lawful and free of conflicts with your responsibilities
- Be aware that a conflict of interests may exist even if you do not directly benefit from it, for example, if your family or friends might benefit from actions you take on behalf of ScottishPower
- Avoid any potential conflict of interests, or the appearance of such conflict, that may arise from your involvement in recruitment and selection activities
- Be aware that some voluntary professional, civic, charitable or educational activities may conflict with ScottishPower's interests and discuss and seek approval for these with your manager
- Be aware that if you accept public office or serve a public body you act as an individual, not as a representative of ScottishPower. You should abstain from any public votes or decisions that would affect ScottishPower's interests or have the appearance of affecting or promoting ScottishPower's interests
- Be aware that if you seek a public office that would require time away from work, you must seek leave of absence for such purposes
- Disclose promptly any potential conflict of interests to your manager

Do not

- Act alone but instead discuss any concerns and potential conflicts of interest with your manager or seek advice from your Legal Department
- Conceal potential conflicts but instead seek approval from your manager and disclose to your Legal Department

Gifts & Hospitality

Dealings with customers and suppliers should be conducted with honesty and integrity. You should not seek business that can be obtained only by questionable practices. You should comply with the **Company's Policy on Gifts, Hospitality and Conflicts of Interest** and the **Company's Anti-Bribery and Corruption policy** which make it clear that a gift or hospitality must never be sought or accepted if it might be construed as an inducement to show favour to any supplier or customer.

Whenever you are offered gifts or hospitality you should promptly disclose this fact to your manager who will advise whether the gift and/or hospitality may be accepted and who will arrange for the offer of the gift and/or hospitality to be recorded in the relevant Probity Register (together with information on whether the gift and/or hospitality has been accepted).

In this respect, you should always err on the side of caution and never accept any benefit, which even remotely might lead to suspicion of impropriety. It may be appropriate to accept invitations from suppliers or customers to attend working lunches or dinners or to accept inexpensive advertising tokens such as cards, pens or diaries, however if you are in the slightest doubt you should decline such invitations and gifts.

The test is whether you would be happy for any action you take to be known publicly. In case of any doubt regarding the propriety of accepting a gift or an offer of entertainment seek the authorisation of your immediate manager or 1HR Direct.

Do

- Promptly disclose all offers of gifts and/or hospitality received
- Seek prior approval (where possible) from your manager before accepting such gifts and/or hospitality
- Make business decisions impartially on the basis of appropriate factors such as price, quality, service and financial responsibility
- Only accept or offer meals, entertainment or other hospitality or gifts if they:
 - Are of reasonable cost under the circumstances
 - Constitute normal industry practice
 - Are given or received with the agreement of your manager, if possible in advance
 - Could not be viewed by others as improperly influencing the recipient to give special considerations not extended to others
- Make a determination about the appropriateness of accepting a gift from any supplier taking account of the total benefit being received and not just the single or individual benefit
- Ensure that any gift or personal benefit received or offered does not have the effect or appearance of influencing business decisions
- Before accepting any personal benefit (including forms of hospitality), ask yourself:
 - Would accepting this personal benefit affect, or appear to affect, my ability to make an impartial decision with respect to the products or services of the individual or company giving the gift?
 - Would ScottishPower offer a similar personal benefit or business courtesy?
 - Is there a valid business purpose that benefits ScottishPower directly? Could this purpose be achieved without the gift?

Do not

- Offer or accept any gratuity, entertainment or hospitality when acceptance could reasonably be viewed by others as improperly influencing the recipient
- Accept gifts that are of an inappropriate value. If circumstances justify keeping the gift, management approval must be sought
- Accept hospitality that is excessive, unreasonably expensive or frequent. Such hospitality should normally be politely refused. If circumstances justify accepting the hospitality, management approval must be sought

Other Employment

- Employees should not engage in work of any kind that is in competition with the Company, could damage the legitimate business interests of the Company or is likely to result in an employee becoming unfit for work.

3.Information;

developing the provision of the Code of Ethics of Iberdrola, S.A. and its Group of Companies

Confidentiality

Never give confidential information over the telephone or by electronic means unless the person requesting the information is known to you. If in doubt, you should ask the person for contact details and check before getting back to them.

It is a serious betrayal of trust, and a breach of your contract of employment to use confidential information for your personal advantage or for the advantage of anyone known to you. It is also a breach of your contract of employment to make unauthorised comments on the Company's business or prospects, which may bring the Company into disrepute, or break the law.

Some information, which relates to identifiable individuals such as employees or customers is classed as personal data and covered by the Data Protection Act. You must observe the **Company Policy on Data Protection** at all times.

This obligation applies to you even after you leave ScottishPower for as long as the information remains confidential and is not generally available to the public.

Do

- Make yourself aware of intellectual property rights in the work or product of others, i.e. published materials, photographs, music, etc
- Treat all information you acquire by reason of your employment as confidential to ScottishPower
- Be aware of cases where information is governed by a specific "confidentiality agreement", to which ScottishPower is a party, that requires special protections
- Limit disclosure and discussion of confidential or competitive information to those within ScottishPower who have a business "need to know"
- Be aware of possible unintentional disclosure of confidential information before accepting any volunteer activities, memberships or directorships
- Accept information about a competitor only when there is a clear understanding that receiving and using that information is lawful and ethical and not a violation of any agreement
- Promptly contact your Legal Department if you inadvertently obtain unauthorised confidential information from a third party
- Be aware that the storage, collection and handling of personal data in certain circumstances may be governed by laws and relevant employees should be familiar and comply with these laws

Do not

- Permit a third party to use ScottishPower's logos or alter ScottishPower's logos or branding without seeking authorisation from your Communications Department
- Use ScottishPower resources, such as computers and scanners, for the abuse and infringement of the intellectual property rights of others
- Allow unauthorised materials, including copies of software and multiple copies of documents, to be used for your Company's purposes without approval of the relevant parties
- Attempt to acquire the trade secrets of a competitor through unlawful means
- Give out personal information (for example about a customer or employee) without seeking advice

Record Keeping

ScottishPower is committed to maintaining appropriately completed and accurate reports and records. None of us should knowingly make an inaccurate report or keep inaccurate records.

Do

- Maintain accurate records of and strict accountability for all Company revenues, expenses, assets and liabilities
- Maintain up-to-date book keeping
- Properly report and record all transactions, funds, assets, receipts and disbursements of ScottishPower
- Prepare all reports honestly, consistently and accurately
- Take steps designed to achieve disclosures with regards to Company finances and operations that are timely, accurate and complete
- Be familiar with and follow all expense and payroll time reporting in addition to financial and inventory control procedures
- Make payments only for actual services rendered or products delivered
- Make a reasonable inquiry to ensure the information is truthful and accurate before signing a document
- Be aware that ScottishPower records and data stored in computers and elsewhere must be adequately safeguarded against damage, alteration, theft, unauthorised use and fraudulent manipulation
- Take care that all estimates are based on the best information available at the time and are adequately documented to support calculations
- Comply with ScottishPower's applicable financial policies and procedures

Do not

- Permit the distortion of financial data
- Establish or maintain funds or accounts for a purpose that is not fully and accurately described on the relevant books and records
- Establish undisclosed, unrecorded or "off-book" funds or assets
- Falsify or make fictitious entries, or issue misleading reports or statements. All entries must accurately describe the transaction they purport to cover
- Post-date or pre-date a document other than for a lawful purpose having obtained advice from your Legal Department

No employee of ScottishPower should destroy, deface or amend a record for the purposes of concealment or deception from anyone within the Company or external to the Company. Records should be retained in accordance with the **Iberdrola Group Policy on Record Retention and Destruction**. Guidance on the application of the Policy and on the appropriate retention periods for specific classes of record should be sought from your Legal Department.

Do

- Retain records for the correct length of time and in the correct manner
- Seek assistance from your Legal Department if in doubt about the retention period
- Ensure that disposal and destruction of records is carried out in a secure and safe manner consistent with the Record Retention and Destruction Policy

Do not

- Destroy a document (whatever the retention period) that could be relevant in a judicial, administrative, or regulatory proceeding that is ongoing, pending or threatened
- Destroy, deface or amend a document to avoid disclosure requests
- Amend or alter a document for the purpose of distorting its content

4.Security;

developing the provision of the Code of Ethics of Iberdrola, S.A. and its Group of Companies

General Security

The ScottishPower security policies and procedures are designed to ensure that security arrangements within ScottishPower are consistent with industry best practice and normal human rights principles. The key to effective security is a proactive approach and security is the responsibility of all of us. We all must make ourselves aware of the ScottishPower Security Policies.

You should ensure that you are aware of and comply with the Company Procedures on Evacuation and Bomb Threats.

Do

- Report any suspicious behaviour at or near ScottishPower premises
- Be aware of terrorist and other threats to security
- Carry out your duties in a manner conducive to providing and maintaining a safe and secure working environment for your colleagues, customers, suppliers and the public
- Report any breaches of security or security incidents/concerns to your manager or Group Security Manager
- Safeguard Company and customer assets from misuse, damage and theft
- Follow the appropriate Information Security standards to protect the confidentiality, integrity and availability of corporate and business information systems
- Wear your identification pass at all times on Company premises. Challenge any person not wearing a pass
- Escort visitors around ScottishPower premises at all times

Do not

- Provide confidential information to anyone not authorised to receive it
- Take Company equipment, information or software offsite without authority
- Allow people to follow (or "tail-gate") you into ScottishPower premises
- Ignore suspicious circumstances, contacts or communications

IT Security

The Company has a vast infrastructure of information technology equipment, which is vital to the functioning of the business, and must therefore be protected from any misuse, which could cause damage. You should use such equipment only as and when authorised to do so, and for authorised purposes.

ScottishPower is committed to safeguarding the confidentiality, integrity and availability of all information it holds. The ScottishPower Information Security Procedures are designed to protect the information, both electronic and print base held by ScottishPower from all threats be these internal, external, deliberate or accidental.

The ScottishPower **Policy on Electronic Communications and Computer Use (PECCU)** is a key employment Policy which you are required to read to ensure you understand what you may or may not do in relation to your use of ScottishPower's electronic communications and computer use.

Do

- Make sure that you have received the proper consent before collecting, using and disclosing personal information
- Before disclosing any information that you believe is confidential consider whether the recipient has the authority to be in receipt of such information and whether there are restrictions on disclosure of such information. If in doubt seek advice from your Legal Department and/or your Data Protection representative
- Maintain the highest standards of security and confidentiality of any written, printed or oral information that comes into your possession during and/or by reason of your employment
- Ensure that others do not have access to confidential information when away from your desk or outside normal work hours by operating in accordance with the ScottishPower Clear Desk Policy
- Take steps designed to prevent others accessing the information stored on your computer or reading confidential information that may be displayed on your computer screen
- Use the Company e-mail and internet access, if you have it, in compliance with the PECCU Policy Remember that communications made on Company equipment are the possession of ScottishPower and are Company communications.
- Protect and change at regular intervals the password(s) that you use to access information held electronically
- Respect the personal privacy of all colleagues, customers and suppliers by utilising personal information solely for the purpose for which it was obtained
- Log all virus occurrences and treat them as a security incident
- Dispose of confidential materials in a secure manner consistent with the Iberdrola Group Policy on Record Retention and Destruction

- Ensure that all Company equipment and documents should where possible be locked away and portable equipment should not be left unattended
- Ensure ScottishPower data is never stored on any privately owned device and is never removed from the workplace for any reason.

Do not

- Talk about or discuss information that is sensitive or confidential in public locations where it may be overheard by others e.g. while travelling on public transport or in a restaurant
- Disclose confidential information to those who do not have both the relevant authority and business requirement to need to be in receipt of such information. If in doubt seek advice from your manager
- Leave information of a confidential or sensitive nature unattended and accessible on your desk, in a vehicle or anywhere it may be seen or removed from
- Misuse your e-mail and internet access at work by the sending or accessing of inappropriate material or software, or inappropriate volumes of personal emails
- Load unauthorised software on any Company IT system

Where any difficulties or safety problems arise in relation to telecommunications (IT) the superior supervising body shall be the code of conduct committee.

5.Appropriate Use of Company Resources; developing the provision of the Code of Ethics of Iberdrola, S.A. and its Group of Companies

Allowances for Performing Duties

Loss, destruction or improper use of Company resources can increase the cost of doing business, expose ScottishPower to potential legal liabilities and ultimately make it less efficient.

The Company expects employees to use Company assets in a responsible and ethical manner.

Observe scrupulously the rules relating to claiming:

- Allowances for performing approved duty; and
- Repayment of expenses incurred for travel and subsistence while doing business on the Company's behalf

Do

- Use ScottishPower resources such as vehicles, materials, services and supplies for permitted ScottishPower purposes only
- Be aware that the use of ScottishPower tools and facilities for personal use is discouraged
- Ensure that personal use of any ScottishPower resources is made in limited circumstances only and in accordance with your Company's approved procedures and policies
- Be aware that ScottishPower materials, regardless of presumed or perceived value, are ScottishPower assets and must be accounted for until properly disposed of through approved procedures
- Ensure that all expenses are claimed only for proper business purposes or subject to proper approval by your Company or your manager

Do not

- Use ScottishPower resources for your private business purposes or monetary gain
- Remove materials for personal use or disposal outside approved processes without prior management approval
- Make or offer any loans or gifts of ScottishPower property without proper authorisation from the appropriate manager or officer
- Use the ScottishPower or any Company name, influence or purchasing power to obtain personal discounts or rebates unless ScottishPower or the Company has communicated and made the benefit available to employees in general
- Use Company credit cards, buying cards or expenses for personal, non business or non-approved use

Fraud, Bribery and Corruption

ScottishPower is committed to the prevention, detection, reporting and investigation of fraud, bribery and corruption. ScottishPower will take action to recover losses resulting from fraud, bribery and corruption and take action against those who perpetrate fraud, bribery and corruption. Fraud embraces dishonest activities, corruption and deception of ScottishPower stakeholders. Fraud includes inappropriate collusion, manipulation or appropriation of information, goods, money or services.

The Bribery Act 2010 was passed in April 2010. It applies to organisations based in the UK (including foreign companies doing business in the UK). The Act defines four criminal offences:

- offering or receiving a bribe
- requesting or receiving a bribe
- bribing a foreign public official
- a corporate offence of failing to prevent bribery being undertaken on its behalf.

ScottishPower has a reputation for being lawful, ethical and honest in its business behaviour and will not tolerate bribery or corruption of any type, whether attempted by outsiders or by our own staff. In some countries bribery and corruption are widespread and endemic but we are committed to observing the rule of law and will not tolerate in any such practice.

It is strictly prohibited for any ScottishPower employee to try to influence anyone outside the organisation by offering an unapproved gift or reward in return for an action or service on ScottishPower's behalf; or to accept a gift or reward in return for an action or service which would not normally be undertaken. For further guidance on Gifts & Hospitality which are prohibited please see the section on Gifts & Hospitality. Any member of staff who discovers or suspects incidences of bribery or corrupt practices should report these suspicions using the process set out in our Speaking Out and Whistleblower Protection Policy or the Disciplinary System established in the Code of Conduct of Iberdrola Group, depending on the nature of the act and its consequences.

Do

- Practise honesty in all business dealings
- Be responsible for ensuring that you and members of your team promote an anti-fraud, bribery and corruption culture within ScottishPower
- Be alert to early warning indicators of fraudulent or corrupt activity and share them with your manager
- Report suspicious or fraudulent behaviour in accordance with the process as set out in our Speaking Out and Whistleblower Protection Policy

Do not

- Attempt any investigation yourself but instead discuss any concerns with your manager
- Challenge or accuse any suspect or discuss the activity with witnesses
- Start or repeat rumours or speak with the media

6. Health & Safety;

developing the provision of the Code of Ethics of Iberdrola, S.A. and its Group of Companies

Safe Working Conditions

ScottishPower is committed to ensuring the health, safety and welfare of its employees and each employee plays a critical role in ensuring the quality and safety of the working conditions. You are expected to adopt a pro-active approach and attitude towards health and safety and comply with all applicable policies, procedures and programmes in this area.

Do

- Ensure that nothing supersedes safe working practices even when responding in a crisis situation
- Comply with all health and safety laws and regulations as well as your Company and your professional policies, procedures, standards, rules, and guidelines which are designed to protect your health and safety
- Lead by example and help promote a positive culture that is healthy, safe and as free from stress as possible
- Be actively involved in improving safety performance and ensure you have the knowledge, skills and adequate resources necessary to maintain a healthy and safe working environment
- Consider potential risks to health and safety before starting work
- Follow the Health and Safety training you have been given when carrying out your role
- Take responsibility for ensuring that your actions and behaviours protect the health and safety of yourself, those with whom you work and members of the public
- Challenge and report work practices that you consider to be unsafe
- Report all accidents and incidents at the earliest opportunity
- Understand the emergency procedures at your work location and ensure you follow them at all times
- Recognise the effect of stress in yourself and others in your area and seek support through your Company's Help Lines as appropriate

Do not

- Put yourself or others at risk through non-compliance with our Health and Safety Rules and Procedures
- Undertake work without having evaluated safety aspects for yourself and others
- Permit or accept a culture of non-compliance on issues of safety
- Smoke in any ScottishPower workplace, Company vehicle or Company car (unless unaccompanied)
- Behave in an unprofessional manner by, e.g., being aggressive, imposing yourself in proximity to another employee (i.e., entering a person's "space") or behave in a manner that is physically menacing, or bullying, or use threatening language or gestures towards any employee, agency workers, contractors, consultants, job applicants and customers.

Alcohol & Drugs

Alcohol consumption or the inappropriate use of drugs affects individual health and work performance in terms of safety, efficiency, productivity and attendance. In addition, it can have a detrimental effect on colleagues and dependants. As a responsible employer, ScottishPower recognises the need to take measures to address the issue of alcohol and drugs in the workplace.

Do

- Refer to ScottishPower's **Alcohol and Drugs policy** to understand your obligations
- Be aware that your failure to comply with ScottishPower's policies on alcohol and drugs may result in action under ScottishPower's disciplinary procedures or policies
- Be aware that in certain circumstances you may be required to undergo alcohol and drugs screening. Note that testing protocols will vary depending upon your country of residence
- Be aware that the consumption of alcohol and the use of illegal drugs on ScottishPower premises is not permitted
- The taking of medications in a manner that is inconsistent with their prescribed use is also not permitted
- Be aware that internal disciplinary action can be invoked if, whilst travelling to or from work, it could reasonably be implied that alcohol and/or illegal drugs were present
- Be aware that disciplinary action including dismissal may result from positive "with cause" or random alcohol and drugs tests
- Tell your manager if you have been prescribed any medication that may impact on your health and safety at work. Your manager must in turn seek advice from the Occupational Health Department
- Follow or adhere to instructions given with respect to any over-the-counter or prescribed medications
- Remember that ScottishPower is committed to providing professional help and support to employees if it is discovered that they may have a drug or alcohol related problem
- Take a responsible attitude to alcohol when representing ScottishPower outside of normal working hours

Do not

- Present yourself for work under the influence of alcohol or illegal drugs
- Be under the influence of alcohol or drugs whilst travelling to or from work if it could be reasonably implied that alcohol or drugs were present during normal working hours
- Drive any vehicle on behalf of ScottishPower in any capacity or location whilst under the influence of alcohol or drugs
- Consume alcohol or use illegal drugs on ScottishPower premises. This includes: breaks, rest periods, shift work, overtime and extra duty
- Consume alcohol or use illegal drugs during the working period of any conference or training course
- Be under the influence of alcohol or illegal drugs in any non-work related circumstances where your behaviour may still be attributed to ScottishPower or your job
- Engage in or permit the possession, sale or consumption of illegal drugs on ScottishPower premises

7. Conduct by Employees; developing the provision of the Code of Ethics of Iberdrola, S.A. and its Group of Companies

Discrimination

Do

- Be aware of and comply with applicable laws and rules
- Treat fellow employees, agency workers, contractors, consultants, job applicants and customers with equality and fairness in accordance with local policies
- Treat people as individuals and on the basis of merit and ability
- Provide support to colleagues who feel they are being discriminated against and encourage them to raise any concerns in accordance with the relevant policy with their manager or Human Resources representative or to follow the process outlined in the Speaking Out and Whistleblower Protection Policy

Do not

- Discriminate against anyone
- “Indirectly” discriminate against anyone by imposing unjustifiable provisions, criteria or practices which, although perhaps applied to all, could nonetheless indirectly and specifically disadvantage one particular person or group of persons

Harassment

Harassment of any kind is unacceptable and must be reported in accordance with the Company **Policy on Harassment**.

Do

- Be aware of and comply with ScottishPower’s Harassment Policy
- Treat all colleagues, employees, agency workers, contractors, consultants, job applicants and customers with respect and dignity
- Conduct yourself in a manner that does not cause offence to another person that could be perceived as harassment, whether intended or not
- Provide support to colleagues who feel they are being harassed
- Refer to ScottishPower’s Harassment Policy and your Human Resources representative for advice and information on how to deal with and raise concerns about harassment

Do not

- Intentionally harass any colleague or customer
- Behave in a manner that might have the effect of harassment for the recipient
- Engage in any unwanted physical proximity or conduct such as unnecessary touching, physical threats, insulting or abusive behaviour or gestures
- Verbally harass a colleague or a customer with any unwelcome advances, propositions, remarks, innuendo, lewd comments or abusive language
- Pester, slander or spread malicious gossip about a colleague or a customer
- Display pornographic, suggestive or offensive media, objects or written and electronic materials (including electronic mail or materials displayed on the Internet or Intranet) in the workplace or at work sponsored activities
- Engage in any conduct that denigrates, ridicules, or is intimidating to fellow employees, such as the isolation of a colleague, non-cooperation at work or exclusion from work-sponsored social activities

Political and Religious Activities

Employees must not engage in political activities or in religious activities in the workplace (subject to any obligations on the Company under the Equality Act 2010).

Dress Code

You must dress in a manner that is suitable and appropriate to the Company’s business.

8. Leaving the Company's Service

All documents and material belonging to the Company must be returned when you leave the Company's service. You are reminded you must honour your contractual commitments after leaving the Company with regard to competition and confidentiality of information.

Unless specifically detailed in your contract of employment, the Company does not lay down any specific rules restricting the work, which former employees may undertake after leaving the Company's service. However, a conflict of interest could arise if you, as an ex-employee, propose to take up employment with a business or organisation having a contractual or other relationship with the Company. If you leave in such circumstances you are advised in your own interest to inform the Company of the nature of the proposed employment and your participation in it.

Disciplinary Rules

The following disciplinary standards have their basis in the Code of Ethics of Iberdrola, S.A. and its Group of Companies and the UK statutory ACAS Code of Practice on discipline and grievance. The following rules apply to all employees of ScottishPower and comprise a list of examples of gross misconduct. Gross misconduct will attract the penalty of summary dismissal, unless the circumstances in which the misconduct is committed are deemed to justify a reduced penalty. **The list is neither exclusive nor exhaustive and does not preclude disciplinary action being taken by the Company against an employee for misconduct of any sort.**

The scope of business activities within ScottishPower is such that there could be, within local management units or businesses, particular examples of misconduct that should be drawn to the attention of employees. Such examples may be added to the list of Disciplinary Rules.

Disciplinary action will be taken in accordance with the appropriate Disciplinary Procedure.

Rule 1

Serious breach or disregard of the Company's rules, requirements, policies or procedures including this Code of Conduct e.g. Alcohol & Drugs Policy, PECCU.

Rule 2

Refusal to comply with a proper instruction, including an instruction issued in connection with the Company Policies and Procedures on safety or security.

Rule 3

Breach of the Company Policy on the giving or acceptance of gifts, other than items of small intrinsic value, or acceptance of hospitality.

Rule 4

Breach of copyright legislation, particularly in relation to copying and distribution of software or any other copyrighted reports.

Rule 5

Holding and failing to declare to the appropriate manager any financial, personal or family interest which might affect, or reasonably be interpreted as affecting, impartiality of judgement in carrying out responsibilities to the Company. This applies to interests in matters of official business, including any transaction, contract or appointment, and to interests in other companies or organisations.

Rule 6

Undertaking paid work in competition with the Company or using any information or equipment supplied by the Company for purposes other than the Company's business without prior authorisation. Undertaking paid work elsewhere whilst on sick leave/receiving Company/ Statutory sick pay and unauthorised absences.

Rule 7

Serious breach or disregard of the rules and policies governing the integrity or security of information technology and the use of electronic communications equipment, data and software. This includes copying or distribution of unlicensed software on to Company equipment; failure to take reasonable precautions to protect the Company's computer network system; failure to report a virus; unauthorised entry, viewing or use of another user's account or another system; and any activities which are liable to cause a disruption or denial of service to other users; or contravene the Company Policy on Electronic Communications and Computer Use.

Rule 8

Unauthorised use or possession of the Company's property, or of written, electronic or oral information, which might be damaging to the Company or its interests if passed to a third party or anyone in the Company not authorised to use it. Use or possession in this context includes information sent to or held on the Internet.

Rule 9

Unauthorised use, possession of or access to the property of a third party, while acting or purporting to act on behalf of the Company.

Rule 10

Unauthorised use of the Company's vehicles or equipment, including computer resources and metering equipment. This includes use of vehicles or equipment for activities, which waste time or resources, or breach any specific policies on their use.

Rule 11

Dishonesty, or deception of any kind in the submission of information or completion or amendment of Company records including, for example, time sheets, time recording systems, financial transactions, bonus sheets, expense forms, customer accounts or any other fraudulent activity.

Rule 12

Unauthorised absence without due cause or persistent bad time keeping, and abuse of the Company's sick pay or leave schemes.

Rule 13

Submission of false information, or failure to disclose information, in order to obtain promotion or an appointment within the Company, including medical information.

Rule 14

Serious negligence or deliberate misuse of the Company's equipment or property, whether or not resulting in damage or injury; or giving advice without due care. Misuse includes use of equipment or property for illegal or wrongful purposes, for example, fraud, defamation, libel and obscenity.

Rule 15

Theft of Company property or the property of any fellow employee or customer whilst on the Company's or customers premises or during the hours of duty.

Rule 16

A criminal offence or conviction, whether or not relating to the Company, which by its nature detracts from the employee's suitability/acceptability to carry out their duties or where the penalty imposed by a court of law for any offence makes it impossible or impracticable to continue employment.

Rule 17

Assault on any person while acting or purporting to act on behalf of the Company.

Rule 18

Wilful damage to any property belonging to the Company, customers, fellow employees or any third party.

Rule 19

Misbehaviour at work, such as drunkenness, drug abuse, breach of the Company Policy on Alcohol & Drugs, indecent or insulting behaviour to employees or customers.

Rule 20

Misbehaviour at work, which may threaten the health and safety of fellow employees, customers, or any other third party, or the integrity or security of the Company's equipment and assets, or information which is the property of the Company.

Rule 21

Unfair discrimination against or harassment of, existing or prospective employees, which constitutes a breach of current legislation and/or the Company Policy on Equal Opportunities.

Appendix 1

Additional Guidelines

on The Specific Regulation of the Code of Ethics of Iberdrola, S.A. and its Group of Companies to ScottishPower Code of Conduct & Disciplinary Rules

The purpose of these additional guidelines is to provide:

- **Further information on expected compliance in some more specialised areas**
- **Information for employees on how an incident which conflicts with the Code of Conduct may be reported.**

Compliance with Laws & Regulations

Compliance with laws and regulations means observing both the letter and spirit of applicable laws and regulations and conducting all business affairs to ensure that we continue to earn the highest respect in the communities we serve. Compliance with laws and regulations is so important that failure to meet legal requirements cannot be excused by good intention, claims of ignorance or failure to seek timely advice.

Breaking the law never serves to advance ScottishPower's interest, and employees who do so are likely to be subject to action under ScottishPower's disciplinary procedures:

Do

- Make an effort to understand the laws and regulations that apply to your day-to-day business and responsibilities
- Ensure that you and your colleagues comply with these laws and regulations and communicate them to members of your team
- Ensure that you comply with any obligations, agreements or licences that may apply
- Ensure that you act within your level of authority at all times
- Be aware and comply with ScottishPower's rules concerning authority to act on its behalf
- Seek the guidance, advice and assistance of those with more knowledge to give such input

Do not

- Break, neglect or disregard applicable laws or regulations
- Take any chances with the law and the points made in the Code of Conduct
- Contract on behalf of ScottishPower either verbally or in writing where you do not have the authority to do so
- Find loopholes or devices so as to avoid applicable laws or ScottishPower's rules

Crime, Violence & Weapons

Engagement or participation in any criminal activity may constitute an offence involving fines and/or penalties on the part of ScottishPower, and in certain cases individual employees. Such activity may also result in the imprisonment of individual employees. Such behaviour will not be tolerated and will be subject to the local disciplinary procedures where it occurs.

Crimes committed outside work may also bring the business and reputation of ScottishPower into doubt depending on the circumstances.

Do

- Report all crime or suspected crime to your manager
- Be aware of legislation with regards to money laundering as contained in the Money Laundering Regulations and Financial Action Task Force. If you believe any breach has been committed immediately report this to your Legal Department
- Be aware that criminal conduct outside the workplace that damages the business reputation and goodwill of ScottishPower or affects an employee's ability to perform his or her duties properly may lead to ScottishPower's disciplinary procedure being invoked

Do not

- Engage in or participate in any criminal activity
- Permit or condone any criminal activity at or connected with the workplace at any time
- Act alone but instead consult your manager and your Legal Department

ScottishPower does not tolerate violent or threatening behaviour in any way. ScottishPower does not allow employees to bring any weapons or replica weapons onto ScottishPower premises.

Do

- Report immediately, the possession by any person of any weapon during working hours or at any time on Company premises
- Report any threat of, use or deployment of physical or other violence at or in relation to work, the workplace or any employee or customer

Do not

- Bring weapons or replica weapons onto ScottishPower premises or premises visited in relation to ScottishPower business

The Environment

ScottishPower is committed to the protection and enhancement of the environment, seeking new ways to minimise the environmental impact of our past, present and future activities. We believe that everyone is responsible for good environmental performance as we incorporate environmental considerations into our business activities.

Do

- Take responsibility for ensuring that your actions and behaviours protect the environment
- Be aware of and comply with relevant laws, regulations, policies, charters and Company standards in terms of the environment
- Comply with all environmental licences, consents and permits
- Undertake proper record-keeping of environmental incidents
- Be alert to issues involving storage, transportation and disposal of waste, handling of toxic and dangerous materials and emissions into the land, water and air
- Protect and improve, where possible, the environmental status of the land on which we operate

Do not

- Undertake activities that are in breach of applicable environmental laws or regulations
- Conceal actual or potential environmental incidents
- If you are in any doubt, seek assistance from ScottishPower's environmental specialist and/or your Legal Department

Insider Information

UK law explicitly prohibits the use or dissemination (i.e. communication to third parties who may themselves use this information) of "insider" or material non-public information when trading (purchase or sale) or recommending securities and shares. .

"Material non-public information" is any information that the investing public has not had sufficient time and opportunity to receive and act on and that a reasonable investor would consider important in a decision to buy, hold or sell stock or related financial instruments.

Do

- Avoid even the appearance of an improper transaction
- Treat information concerning your business or ScottishPower as being highly confidential and therefore with discretion and care

Do not

- Buy or sell securities or shares in a company or engage in any other action to take advantage of insider information that you may have, or disclose that information to others
- Trade in shares or securities of other companies (such as potential acquisition candidates), customers or suppliers about which you have material non-public or price sensitive information as a result of your employment

Media, Speaking Engagements & Public Discussions

Contact with the media, including publishing articles, and making public presentations, can offer excellent opportunities for you to present topics and ideas of interest and importance to the public and business audiences. It is imperative, however, that extreme care is taken with regards to all such communications since they could be treated as being representative of ScottishPower's policy or practice in relation to such matters.

Do

- Ensure that you obtain prior approval from your manager or the Communications Department prior to any contact (including interviews) with the media and including circumstances where, in publishing an article or making a public presentation, you are representing yourself as a ScottishPower employee or where you could be perceived by the audience to be stating your Company's position or policy on an issue
- Obtain approval and, where appropriate, clearance of the subject matter or content of your discussions with the media
- Take care to avoid inadvertent disclosure of confidential or competitive information in public forums – such as casual conversations that take place in public areas where they may be overheard or misinterpreted, or in an e-mail that may include external recipients
- Prepare articles, responses and approved media contact in a manner consistent with ScottishPower's policy in relation to such matters
- Avoid any contact with the media including "spot" interviews or the giving of comment
- Refer any media contact to the Communications Department

Do not

- Respond to questions asked of you if you are questioned by a representative of the news media about ScottishPower
- Comment to anyone outside ScottishPower on any litigation in which ScottishPower may be involved
- Participate in media interviews (TV, Radio, Newspapers, etc) without obtaining both clearance from your Communications Department as to the purpose and subject matter and ensuring that briefings, rehearsals and training is given where appropriate

Competition

The purpose of competition laws is to protect consumers and competitors and to create, preserve and enhance a competitive economy. Generally speaking these laws prohibit conduct that result in “restraint of trade” or distort free competition.

Do

- Excuse yourself from any meeting in which anticompetitive behaviour is being discussed or undertaken
- Consult your Legal Department if you are in any doubt about whether you are compliant with competition laws
- Observe both the letter and spirit of competition laws together with ScottishPower’s Competition Policy
- Ensure that meetings with competitors have an agenda that is circulated in advance of the meeting
- Ensure that any industry groups you participate in have guidelines governing participation and that minutes are maintained for the meetings
- Accept information about a competitor only when there is clear understanding that receiving and using that information is lawful and ethical and not in violation of any agreement
- Return any unsolicited confidential information other parties may send you, along with a statement saying that you do not want it

Do not

- Enter into any express or implied agreements regarding prices or discuss prices with competitors that fix prices with respect to third parties.
- Agree with competitors to allocate markets or sources of supply
- Agree with competitors to limit or control production, markets, technical development or investment or discuss those topics with competitors
- Agree with other parties to influence the outcome of any bidding process. i.e. Do not “bid rig”
- Share confidential information without a good, lawful reason
- Come to any “gentleman's agreement” which you would not be willing to put in writing and formalise through the usual channels
- Let informal gatherings with competitors turn into unscheduled meetings
- Pick on a particular competitor, or agree with others to pick on a particular competitor
- Do not agree with our competitors to boycott other companies.

Contracts

ScottishPower conducts virtually all of its business and undertakings through the exchange of mutual promises and obligations in the form of agreements and contracts that are typically written but may be completely verbal. Verbal contracts may also be binding and legally enforceable.

The integrity, and the binding and legally enforceable nature of contractual arrangements are of the utmost importance to ScottishPower and should be protected by all of us.

Do

- Consider whether any promise or undertaking that you are giving on behalf of ScottishPower is intended to be legally binding or enforceable
- Verify that entering into a binding obligation or contract is within your authority – you may require approval from your Legal Department
- Confirm that you fully understand the nature and extent of the arrangement being entered into and if in doubt consult your manager and your Legal Department
- Ensure that there is a clear and unequivocal understanding of what has, or has not, been agreed in any contractual arrangement by committing to writing (e.g. by using standard form documentation issued and approved by your Legal Department from time to time) or by seeking advice from your Legal Department
- Respect the integrity and binding nature of our contractual relationships with others
- Seek advice on potential breach of a contractual situation from your manager and Legal Department
- Ensure that any breach of a contractual arrangement by a third party, is not accepted or our rights waived without consultation with your Legal Department, and that third parties are aware that such breach may lead to action being taken to protect ScottishPower’s position

Do not

- Deliberately and intentionally permit the breach by your Company of its contractual obligations without consulting your Legal Department
- Waive or condone the breach of a contract by a third party

Disputes

It is in the nature of business that potential disputes will arise from time to time between our people, businesses and undertakings and those of third parties. It is imperative that these disputes are promptly and properly handled so as to avoid deterioration in such a way that avoidable proceedings (by way of Court proceedings, arbitration or otherwise) become necessary.

Participation or involvement in legal disputes is a time-consuming and expensive exercise with respect to management time, resourcing and especially the incurring of significant external cost most of which is irrecoverable.

Do

- Seek advice and assistance on potential breach of contract situations from your Legal Department
- Ensure that any breach of a contract with ScottishPower by a third party is not unnecessarily accepted, or our rights waived, and that third parties are aware that such a breach may lead to action being taken to protect ScottishPower's position
- Act in the best interests of ScottishPower and in such a manner as to protect its business, reputation and goodwill at all times
- Be aware that our rights in any contractual arrangement are assets of ScottishPower which should not be surrendered or given up lightly

Do not

- Deliberately and intentionally put or permit the breach by ScottishPower of its contractual obligations
- Waive or condone the breach of a contract with your Company by a third party without having considered the repercussions of so doing – seek advice from your manager and your Legal Department

Government Relations

Activities that may be appropriate when dealing with private companies may potentially be improper when dealing with governments.

Do

- Conduct relations with government or public officials in a manner that will not reflect poorly on the Company or the official's independence or integrity
- Carry out all relations with government or public officials with the expectation that all such actions will become a matter of public knowledge
- Be truthful and cooperative in all dealings with the government, including the provision of accurate and complete information – especially as it pertains to contracts and fees for services
- Comply with applicable election laws
- Exercise good judgment in relationships with government officials
- Fully comply with all applicable laws

Do not

- Offer any entertainment, hospitality, gratuity or gifts to government officials or employees without first seeking the guidance of the Communications Department and/or the Regulation Team
- Place government officials and employees in either actual or seemingly compromising positions

Working with Foreign Government Officials

In certain circumstances we enter into agreements with foreign governments or agencies. Special care must be taken in these instances.

Do

- Ensure accurate and transparent financial records capable of proving proper transactions with all parties are kept
- Be aware that improper or illegal payments include even modest payments to non-government officials, if it is the understanding that even part of the payment or benefits given will be transferred to a government official
- Comply with the Foreign Corrupt Practices Act 1998 and similar legislation as appropriate

Do not

- Bribe or financially induce foreign officials, political parties, party officials or candidates to obtain or maintain business for or with ScottishPower

Business Separation

(SP Energy Networks & Service Providers only)

The Distribution and Transmission businesses within SP Energy Networks are subject to Regulations and License Conditions that guarantee their independence from other entities within ScottishPower. This collectively ensures that there is no abuse or misuse of what is considered to be a monopoly position and also ensures that open competition is encouraged and safeguarded. The rules with respect to this independence are extremely exacting and important. Failure to comply can give rise to substantial fines and penalties and in certain cases loss of our Transmission and Distribution license.

Do

- Provide all customers with the same level of service
- Treat all suppliers equally
- Treat information about or received from customers, other suppliers generators or their customers with absolute confidentiality

Do not

- Give preferential treatment either to another ScottishPower Group Company or any customer of or supplier to the Group
- Treat any third-party company in a manner less favourable to that given to ScottishPower Group Companies or other third parties
- Engage staff from the regulated SP Energy Networks business without having sought guidance from the Regulation Team
- Do anything that either does, or might appear to, restrict, distort or prevent competition in the supply or generation of electricity (e.g. do not discriminate against customers of other suppliers or give any unfair commercial advantage to an affiliated Supply or Generation Business)
- Pass information from the regulated business to the competitive business unless you are permitted to do so
- Attempt to sell ScottishPower products or services for, or on behalf of, another ScottishPower Group Company or Business whilst in the course of SP Energy Networks Business
- Give or receive any cross-subsidy to, or from, any other competitive ScottishPower Group Company
- Discriminate between any persons (or class or classes of persons) in the provision of Use of System and Connection to System, Service or Charges
- Discriminate between any persons (or class or classes of persons) in the provision of any of the distributor metering and data services

Speaking Out

Our Speaking Out and Whistleblower Protection Policy

You will often be the first to know when someone inside or connected with our business is doing something illegal, unlawful or whose behaviour fails to meet the required standards. However, you may be worried about communicating or telling us about your concerns.

Please be assured that we take non-compliance very seriously, whether the failures are committed by directors, senior managers, employees, suppliers or contractors. Our Speaking Out and Whistleblower Protection Policy covers reporting incidents of fraud or a breach of financial control procedures but are not limited to these issues. We invite you to speak out about any improper behaviour (and in particular any breach of Health and Safety procedures) that is likely to be a breach of the requirements set out in this Code of Conduct. We do not expect you to have absolute proof of any improper conduct that you report.

Our Speaking Out and Whistleblower Protection Policy is available to you on the Intranet or from 1HR Direct. However, set out below is a procedure summarising the key points that you can follow to report any concerns (in complete confidence) without fear of any impact on your career or employment.

How to make a report to management

You can make a confidential report verbally or in writing. Where possible, we would normally expect you to raise your concerns internally with one or more of:

- your manager (or his or her manager)
- the Director of HR or local Human Resources representative
- the Group Security Director
- the Head of Internal Audit
- the dedicated email address for queries ; **codeofconduct@scottishpower.com**

Where an employee wishes to raise a grievance issue against a line manager or another employee, or wishes to raise an issue concerning working practices or the work environment, this should be raised via the normal Company grievance procedure.

How to use the confidential & anonymous service

If you feel uncomfortable making a report directly to management we have a reporting process run by Expolink. This organisation is totally independent of us and has extensive experience of handling these types of calls.

To use Expolink dial the Freephone number 0800 374199 (UK) and your call will be answered by one of Expolink's well-trained and impartial staff. You can contact Expolink 24 hours a day, 7 days a week.

You do not have to give your name if you do not want to. If you choose to remain anonymous, no one in ScottishPower will have any way of knowing who called. Further, Expolink will not record your call under any circumstances. You will be given a secure call log number that allows you to check back for responses to your message anonymously and in total confidence.

What happens with your report to the confidential and anonymous service?

Expolink will send a transcript of your message to the Company by the next working day.

How we will investigate your report?

Whichever way you elect to speak out we need to carry out a fair assessment of the situation. We will make enquiries to decide whether a full investigation is necessary. If a full investigation is required, depending on the nature of the alleged misconduct, your concerns will be either:

- explored internally by Legal, Group Security, Internal Audit or Human Resources (or any combination of these as appropriate). To guarantee fairness no manager who has responsibilities for the function or area or person being investigated will be part of the team with responsibility for the conduct of the investigation; or
- referred to the appropriate independent person (for example, our independent auditors or the police) for investigation

We will tell you the outcome of the initial enquiries, the full investigation and any further action that we have taken (using Expolink to communicate with you if appropriate). If you wish, you may comment (in writing) to the Company as to your feelings upon the adequacy with which the matter was addressed and the outcome.

If in doubt you are encouraged to Speak Out

We value and appreciate your actions. All concerns raised whether internally or to the anonymous service will be investigated promptly and impartially and any employee who raises a concern in good faith is protected from retaliation.

As our Company is dedicated to investigating all reported concerns, it is also vital that the process is not abused. Reported infringement must be genuinely believed to have occurred and reported in good faith. Disciplinary action may be taken for any reports made veraciously or maliciously.

We hope that this Policy gives you the reassurance you need to raise concerns internally. By also operating the independent, confidential and anonymous reporting service we demonstrate our commitment to making sure we work to the highest standards of ethics, integrity and fairness.

Whistleblowing Helpline & the Iberdrola Audit & Compliance Committee

In addition, Iberdrola has created a communication channel with the Iberdrola Audit & Compliance Committee ("the Committee") to enable you to make the Committee aware (on a confidential basis) of any financial or accounting irregularities that have come to your attention.

The process for communicating with the Committee is available to you on the Intranet.

You are encouraged to report any financial or accounting irregularities that you become aware of to the Committee.

