

Financial Crime Policy

ScottishPower Compliance Unit

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Version Control

Version	Author	Purpose	Date
0.5	SP Compliance Unit	Iterative version of new proposed Policy, following review and update of ABC Policy, incorporating stakeholder comments	August 2025
1.0	SP Compliance Unit	Final approved version	9 October 2025



1. Purpose

Scottish Power Limited ('the Company') is committed to the highest standards of ethical conduct and integrity in all our business activities, as set out in the ScottishPower Code of Conduct and Disciplinary Rules, the ScottishPower Code of Conduct for Suppliers and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group. Reflecting that commitment, the Company has a zero-tolerance approach to financial crime including, but not limited to, bribery, corruption and fraud.

Financial crime is never acceptable. This ScottishPower Financial Crime Policy (the "Policy") establishes that zero-tolerance approach and further a commitment that the Company will ensure that it has an effective framework in place to ensure that it does not benefit from, or facilitate, financial crime. This Policy sets out the principles for compliance with that approach, explains how they are applied within the Company, and encourages and provides guidance for the reporting of any suspected breaches.

2. Scope

This Policy applies to the Company. It includes basic principles that complement those contained in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and reflects the high standards of ethics and compliance that we expect across all of our business activity.

This Policy applies to all ScottishPower employees (whether full or part-time), including all directors, officers, managers, agency workers, and permanent or temporary contractors.

This Policy also applies to third parties working on behalf of ScottishPower, including agents and partners, and others we do business with, including suppliers. The ScottishPower Group expects its third parties to conduct themselves in an ethical manner and consistent with the principles outlined in the ScottishPower Code of Conduct for Suppliers. To that end, we expect that those third parties align to the relevant principles of this Policy and ensure their own practices meet the standards set out by this Policy.

This Policy applies in equal effect to any Joint Ventures in which ScottishPower is the operating or majority partner, unless an equivalent Policy is already in place. Where ScottishPower is not the majority or operating partner, it will seek to ensure that appropriate alternative principles are in place.

The Company can be held liable for failing to prevent the commission of certain financial crimes by employees or associated persons working on its behalf, regardless of where the act takes place. Compliance with the principles and intent of this policy is therefore mandatory.



3. Financial Crime Defined

For the purposes of this policy, 'Financial Crime' includes Bribery; Corruption; Fraud (internal and external); Money Laundering; Terrorist Financing; breach of Economic Sanctions; Tax Evasion and the Facilitation of Tax Evasion.

Bribery is an inducement or reward offered, promised, or provided, to improperly gain any commercial, contractual, regulatory, or personal advantage. For example, giving someone money or offering a job in return for favours or special treatment.

- **Facilitation or 'grease' payments** are a type of bribe. They are usually defined as payments made to expedite or facilitate the performance of a routine transaction or service rather than to influence the outcome of a decision.

Corruption is the abuse of entrusted power, resources or influence, and includes any dishonest or illegal behaviour that is aimed at gaining an improper advantage. Corruption can typically include activities such as theft, misreporting, manipulation of processes, embezzlement, bribery, fraud and or financial crimes such as money laundering, tax evasion or terrorist financing.

Fraud is a dishonest act or omission made to bring about a practical result such as to gain an advantage or cause a loss to another party. It can include false representation (providing information that is inaccurate or untrue), abuse of position, failure to disclose relevant information and theft or misuse of funds or assets.

Money Laundering refers to activity that makes money obtained through criminal activity appear to have come from a legitimate source. This can include transfers of funds between banks, trading platforms or legitimate institutions. Concealing or dealing with the proceeds of a crime (including the crime of another) can be a criminal offence.

- *Note: Scottish Power Energy Management (Agency) Limited is subject to additional anti-money laundering duties and has a separate anti-money laundering policy and procedures which apply to its business activities.*

Tax evasion is the deliberate misleading or hiding information from HM Revenue & Customs or an overseas tax or customs authority to reduce a tax liability.

Facilitation of tax evasion is dishonestly assisting another person, such as an employee, customer, supplier or business partner to evade tax.

Terrorist Financing is any activity that provides funds in support of terrorist activities. The funds can be from a legitimate source, or funds obtained from criminal conduct, so it may also involve an element of money laundering.

Economic sanctions are formal restrictions imposed by government or international bodies (including the UK, USA, UN and EU) with the aim of influencing the behaviour of a country, organisation or individual, usually in response to violations of international law, human rights



abuses or threats to security and peace. This includes measures to limit or prohibit financial transactions and economic activity with designated individuals, entities, sectors, or countries.

The term **Public Official** may include anyone, regardless of rank or title, who exercises a public, administrative, or judicial function. This includes anyone who works with, on behalf of, or for:

- A government, a government agency, a regulatory body, a local or public authority;
- A political party, politician or individual engaged in politics;
- A person who works for a public international organisation (for example, the United Nations or the World Bank);
- An employee of a state-owned company; or
- A close relative of any of the above.

4. Financial Crime Policy Principles

The Company promotes a preventive culture based on the principle of “zero tolerance” for the commission of any acts constituting any form of financial crime. Companies commit a criminal offence if they fail to prevent associated persons (employees, agents, subsidiaries and other persons who perform services for or on behalf of the organisation) from engaging in bribery and fraud which is intended to benefit their business, or the facilitation of tax evasion. To minimise and mitigate such risks, we are committed to the following key principles:

A. Legal and Regulatory Compliance

- We will act in accordance with all, and not contravene any, applicable UK laws and regulations, including (but not limited to):
 - The Proceeds of Crime Act 2002.
 - The Fraud Act 2006 and Scots common law fraud.
 - The Criminal Finances Act 2017.
 - The Bribery Act 2010.
 - The Sanctions and Anti-Money Laundering Act 2018 (and regulations made under this Act).
 - The Economic Crime and Corporate Transparency Act 2023.
- We will monitor changes to such legislation through appropriate horizon scanning activity and update our internal controls accordingly.

B. Doing Business

- We will carry out business fairly, honestly, and openly.
- We will not tolerate, permit or engage in any conduct constituting financial crime in any of its forms in the course of business or professional activities or in relations with the public or private sector.



- Facilitation or 'grease' payments and kickbacks are prohibited. Employees must notify the Compliance Unit when they identify any kind of request for a facilitation payment:
- We will not give or offer any money, gift, hospitality, or other advantage to any person carrying out a business or public role in the UK or abroad, or to a third party associated with that person, to get them to do something improper or to improperly influence them to our business advantage.
- We do not allow employees to accept money, gifts, hospitality or other advantages from business associates, actual or potential suppliers, or service providers which are intended to, or could be seen to, influence a business decision or transaction.
- Regardless of their purpose, all gifts or hospitality accepted or offered by ScottishPower employees must be of limited value and reasonable in the circumstances.
- No employee will suffer demotion, penalty, or other adverse consequence for refusing to take action that could result in financial crime being committed (including paying bribes, false declarations or omissions), even if it may result in ScottishPower losing business.
- We will maintain robust procedures to ensure that the Company meets all its tax obligations, in accordance with our Corporate Tax Policy, and to prevent the facilitation of tax evasion by third parties such as suppliers and business partners.
- We will adhere to all applicable standards, principles, and laws for accounting and financial reporting, make and keep accurate records that reflect all the transactions of the Company, and maintain an adequate system of internal accounting controls.

C. Diligence and Risk Management

- We will maintain appropriate and reasonable procedures that are designed to Identify and prevent financial crime risk or suspicious activity within our own operations and supply chains, including regular risk assessment and supplier and transaction due diligence.
- We will conduct appropriate due diligence on our third parties, in accordance with defined procedures and in accordance with the associated level of risk. This will include onboarding screening and at appropriate intervals on an ongoing basis (which may include daily / periodic spot screening). We will maintain a record of the diligence activity carried out.
- We undertake appropriate third-party due diligence, including screening against relevant sanctions lists (e.g., OFSI, UN, EU), and risk-based compliance onboarding checks for any indicators of ethical concerns.
- We will implement appropriate internal controls, transaction monitoring, training and reporting arrangements in response to financial crime risk which are proportionate based on the level of risk identified.
- All employees and agency workers are required to complete any compliance training that is identified as being necessary and relevant to their role
- We maintain various routes for reporting suspicious or concerning financial crime activity, including to independent Business Compliance Officers and a confidential Speaking Out system. Further details on how to report can be found in Section 8 of this Policy.



D. Public Officials

- Interactions with public officials can be susceptible to the risk of financial crime (particularly bribery and corruption) due to the potential for influence held by such officials. All interactions with public officials, both foreign and domestic, must comply with this Policy, the ScottishPower Code of Conduct and Disciplinary Rules, the ScottishPower Code of Conduct for Suppliers, and with all applicable laws, rules, and regulations.
- You must ensure that you maintain the principles of transparency, openness, and honesty in dealing with any public officials. Regardless of the intent, all employees and third parties must be sure that they do not act in any way that could even create the appearance of any impropriety.
- ScottishPower employees engaging directly with politicians or government agencies, or speaking at an event attended by politicians, must inform the Government Affairs team as soon as possible, in line with the ScottishPower Political Engagement Policy.
- Engagement with any regulatory body must be managed in accordance with the relevant Business or Corporate regulatory function.

E. Third Parties

- We will ensure that the relationship between the Company and its suppliers, agents and partners is based on legality, business ethics, efficiency, transparency and honesty.
- We will include appropriate, proportionate and robust clauses within our contractual arrangements that aim to support the principles and intention of this Policy.
- Third parties are not permitted to offer or provide any money, gift, hospitality, or other advantage in order to improperly secure benefits for themselves or the Company when carrying out business connected with ScottishPower.
- When carrying out any activity for, on behalf of or related to the Company, third parties must ensure that they do not engage in, facilitate, or enable any form of financial crime.
- Third parties should take reasonable steps to prevent financial crime within their own operations and supply chains, including implementing internal controls and financial crime risk assessments and training staff on fraud awareness and reporting.
- We expect our third parties to support and comply with the principles of this Policy and ensure equal standards are upheld within their subcontractor populations. This includes fair co-operation in any investigations related to concerns reported under this Policy.
- Any actual or suspected financial crime activity by a third party related to ScottishPower's business, operations or activity must be reported to the Compliance Unit, in accordance with the approach set out in Section 8 of this Policy.

F. Monitoring and Awareness

- We will undertake a financial crime risk assessment regularly to ensure the appropriate management of risk. The results of the risk assessment will be documented and retained for record keeping purposes.



- Employees will be provided with appropriate training and communications in this area, with a frequency sufficient to ensure that their knowledge in the areas covered by this Policy is kept up to date.
- We will take seriously and thoroughly investigate any claims, allegations or concerns related to financial crime reported to us. Section 8 of this Policy provides more information on how concerns can be reported.

Failure to comply with any provision of this Policy is a serious violation. Any employee found to be in breach of these principles will face disciplinary action.

5. Roles and Responsibilities

The Company's Board of Directors is ultimately responsible for overseeing compliance with this Policy and takes non-compliance with this Policy very seriously. The Company's Compliance Unit will support the Board of Directors through ensuring day-to-day oversight of the Policy. The Chief Compliance Officer is the Senior Officer responsible for the Policy who will monitor and report on compliance with the Policy to the Scottish Power Limited Board of Directors, the Scottish Power Limited Company's Audit and Compliance Committee, and the Scottish Power Limited Compliance Unit.

The Scottish Power Limited Management Committee shall facilitate that the requirements of this Policy are embedded and adhered to within the various respective business areas and functions.

All Company employees, agency workers and third parties are responsible for ensuring that their own conduct meets that expected by this Policy, as well as reporting any instances of actual or potential breach of the Policy (see Section 8 for further guidance on how to report).

6. Control, Evaluation and Review

The ScottishPower Compliance Unit shall review the contents of this Financial Crime Policy in accordance with the frequency set out in the Compliance Unit Policy Management Framework. Such review shall aim to ensure that the Policy reflects the recommendations and best international practices in effect at that point in time. The ScottishPower Compliance Unit shall propose to the Scottish Power Limited Board those amendments and updates that contribute to the development and ongoing improvement of the policy.

This Policy was last approved by the Scottish Power Limited Board on 9th October 2025.

7. Further Information and Guidance

The following supplementary policies are available for ScottishPower employees, on the SP Compliance Unit area of the Employee Portal ([Iberdrola Group > Our areas and businesses > SP Compliance Division](#)):



- ScottishPower Code of Conduct and Disciplinary Rules.
- ScottishPower Compliance and Ethics Manual.
- ScottishPower Speaking Out Toolkit.

8. Reporting a Concern

We all have a responsibility to help prevent, detect, and report instances of financial crime, whether carried out in relation to an individual's own interests or with the intention of benefitting the Company. If you have a concern regarding a suspected instance of financial crime, or a breach of this Policy, please Speak Out.

If you feel comfortable to do so, you can discuss your concern with your line manager in the first instance. You or your line manager should report any concerns relating to a breach of this policy in one of the following ways:

In person or by email to your Business Compliance Officer (BCO)	The ScottishPower Compliance Unit structure and contact details are available to employees on the ScottishPower Employee Portal (here)
Through the Ethics Helpline reporting tab	Available on the ScottishPower Employee Portal (<i>a guide for ScottishPower employees on How To Report can be found here</i>)
By email to the Compliance Unit mailbox	compliancedivision@scottishpower.com
Access our Speaking Out Channel on the ScottishPower website	Speaking Out Channel - ScottishPower https://www.scottishpower.com/pages/speaking_out_channel.aspx

ScottishPower will not tolerate any form of discrimination, harassment or retaliation against any person who raises a concern in good faith or refuses to participate in conduct that would violate law or this Policy.