INTRODUCTION TO THE GOVERNANCE AND SUSTAINABILITY SYSTEM

I. The identity of SP Energy Networks

1. Scottish Power Energy Networks Holdings Limited (the "**Company**") is a head of business company of the Iberdrola Group in the United Kingdom whose activities include owning three regulated electricity network businesses in the United Kingdom, i.e. 'asset-owner companies' holding regulated assets and electricity distribution and transmission licences, which are regulated monopolies, in the Central Belt and South of Scotland, Cheshire, Merseyside, North Shropshire and North Wales (the "**SP Energy Networks Business**").

2. The Company also owns a controlling interest in Electricity Networks (Holdings) Limited, which is a holding company in respect of Electricity North West Limited, the distribution network operator for the North West of England, and related companies (the "**ENW Business**"). The ENW Business has its own head of business company, North West Electricity Networks (UK) Limited, and has established its own Governance and Sustainability System.

3. The Company shares with Iberdrola, S.A. the concept of corporate interest, understood as the interest aimed at the creation of comprehensive (economic, environmental and social) and sustainable value, taking into consideration the different Stakeholders related to its business activity, in accordance with, and based on, its purpose and distinctive values and the provisions of the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*.

4. The Company does not view its Stakeholders as third parties unrelated its identity, as they are equally necessary players for the achievement of its enterprise, to whom it opens up and with whom it engages and integrates into its activities.

5. Given its size and significance as well as the basic and essential nature of the energy it produces and distributes for the economy and society, the business activities and the scope and dimension of the Iberdrola Group's purpose and values are not limited even by the broad framework of all of its Stakeholders, but rather transcend and extend to the countries and territories in which it has a presence and in which it does business.

6. References in the Governance and Sustainability System to "**Iberdrola**", to the "**Iberdrola Group**" or to the "**Group**" refer to Iberdrola, S.A. and to the other companies belonging to the group of which Iberdrola, S.A. is the controlling entity, within the meaning established by law, which operate autonomously under a common purpose and values, in a coordinated manner and within a corporate and governance structure designed on three levels (holding company, country subholding companies and head of business or country companies, as described below) to best further the corporate object and the achievement of the corporate interest of each of the companies that comprise it, as established in the *Foundations for the Definition and Coordination of the Iberdrola Group*.

II. The Iberdrola Group

7. "Iberdrola, S.A.", the Company and the other companies that make up the Iberdrola Group, focus their activities on the energy sector, an essential item for millions of users and customers, through the use of environmentally-friendly sources and technologies, and promoting the electrification through renewable sources and digital transformation.

8. To talk about the Iberdrola Group is to talk about history, leadership, advances, progress, innovation, self-improvement, adaptability and excellence in implementation, as well as about a corporate and social leader, as a result of a progress of successful integration, with an extraordinary capacity to stay ahead of energy needs through solutions that preserve the environment for future generations and with a focus on the sustainable creation of long-term value.

9. The origin of the various companies making up the Iberdrola Group has a century-long history, carved on both sides of the Atlantic. In Spain, its origins date back to 1901, when a group of pioneers decided to come together in order to meet the growing demand for electric power in the main industrial regions of northern Spain and the rest of the Iberian peninsula through the exploitation of hydroelectric resources. As such, "Hidroeléctrica Española, S.L." and "Iberduero S.L." were created, which, following their merger in 1992, made "Iberdrola, S.A." one of the leading Spanish electricity companies. In the United Kingdom, also in 1901,"Clyde Valley Electrical Power Co." was founded in Glasgow, initially to generate and sell electricity to engineering companies in the area. On the other side of the Atlantic, the origins go back to 1840, with the organisation in the United States of America of "Hartford City Light Co", which was in charge of urban lighting by gaslight.

10. Beginning in 2001, "Iberdrola, S.A." started a period of strong growth based on electrification with networks, renewables and storage, and on corporate expansion, initially in Latin America (fundamentally, Mexico and Brazil) and subsequently in continental Europe, the United Kingdom and the United States of America.

11. ScottishPower is the first integrated energy utility in the UK to generate 100% green electricity. Its focus is on wind energy, smart grids and driving the change to a cleaner, electric future. ScottishPower is committed to speeding up the transition to cleaner electric transport, improving air quality and, over time, driving down bills - ***to deliver a better future, quicker for everyone***.

12. ScottishPower's main activities are comprised of the generation, transmission and distribution of electricity, energy management and the supply of electricity and gas principally in the United Kingdom.

13. The Iberdrola Group does not have its own legal personality separate from that of each of the companies that comprise it, nor does it have its own management bodies or positions.

14. As regards the corporate organisation of the Iberdrola Group, Iberdrola, S.A. is a holding company owning the equity stakes in the country subholding companies, which in turn group together the equity stakes in the head of business or country companies, among which is the

Company.

15. For its part, the governance structure is governed by certain principles that differentiate the functions of strategic definition, organisation, coordination and supervision (attributed to the Board of Directors of the holding company) − strengthening and further developing these last three powers in relation to the territories or countries or to the business through the subholding companies − from the functions of day-to-day administration and effective management of the businesses (which are the purview of the head of business or country companies, among which is the Company).

16. Within the framework of the Group's corporate and governance structure, Iberdrola promotes the creation and operation of committees to support or advise the management team, in specific corporate or business areas, of a cross-cutting nature and linked to strategic functions, which strengthen the management bodies as centres that make effective decisions and support its Board of Directors. The subholding companies may set up counterpart committees that will be adequately coordinated with the former.

17. The corporate and governance organisation described above achieves appropriate coordination of the activity of the respective companies of the Iberdrola Group, by means of the global integration of the corporate and business areas through the Group's Business Model, which is focused on maximising the operational efficiency of the various corporate and business areas and endeavours to ensure the dissemination, implementation and monitoring of the overall strategy and the basic management guidelines established for each of them.

18. The configuration of the Iberdrola Group allows for a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms that facilitate the global integration of the businesses carried out by the companies making up Iberdrola, all based on an effective checks-and-balances system, which prevents management power from being concentrated within a single governance body or a single person.

III. The Company's Governance and Sustainability System and the Compliance System

1. The Company has its own internal regulations called the Governance and Sustainability System, configured in accordance with current legislation and with the business, corporate and institutional reality of the Company in order to, in exercise of the corporate autonomy granted by law, preserve its identity, achieve its purposes and values and realise its corporate purposes and achieve the social dividend, within the common framework of sustainability.

2. This internal System constitutes the normative framework that sustains and configures the Company's purpose, actions and development.

3. As part of the Iberdrola Group, the Company, within its corporate autonomy and within the framework of the *Purpose and Values of the Iberdrola Group* and the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group,* adopts as its own and incorporates into its own Governance and Sustainability System a series of rules approved by the Board of Directors of Iberdrola – in the exercise of its functions as a *holding company* – relating to the strategic definition and the structure of the Group and the approval and update of the general guidelines that must apply at the level of the Iberdrola Group.

This structure promotes an appropriate level of consistency and coordination among the internal regulatory frameworks of the group of companies making up the Group, while respecting their autonomy, which facilitates the development of the Company's own and specific Governance and Sustainability System.

For such purpose, in line with its nature as a comprehensive enterprise, the Company's Governance and Sustainability System is configured in strict accordance with basic rules that characterise the Rule of Law, linked to the principles of legality and legal certainty, in order to regulate both its internal organisation and its external activity.

4. The Company's Governance and Sustainability System was established for the first time, as a systematized internal set of regulation on 31 March 2021, by means of adopting, as its own regulations, those corporate policies that had been originally approved by Iberdrola, S.A. but, in view of their projection on the Iberdrola Group, were applicable to the Company.

   Since then, the Governance and Sustainability System of the Company has been constantly evolving, in parallel with the development and growth of the Company and the companies in which it holds an interest. As a result, the Company has approved, in the exercise of its corporate autonomy, its own corporate policies and standards on Internal Audit, Risks and Compliance, in addition to its *Articles of Association* and the terms of reference of its governing bodies and internal committees.

   Additionally, the Company has also incorporated into its Governance and Sustainability System a specific number of regulations, policies, principles and/or foundations, approved by the Board of Directors of Iberdrola, S.A. as the holding company of the Group, which have a projection over the whole Iberdrola Group and, as such, inform the regulatory developments carried out by the Iberdrola Group companies, thus promoting an adequate degree of coherence and coordination between the internal regulatory systems of all the companies that make up such Group.

5. The Company's Governance and Sustainability System is formally structured in four books: (i) a preliminary book, which includes this general introduction, the *Purpose and Values of the Iberdrola Group* and the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*; (ii) book one, which incorporates the *Articles of Association,* the *Terms of Reference of the Board of Directors* and the *Foundations for the Definition and Coordination of the Iberdrola Group*; (iii) book two, with the policies on transparency and good governance, human and social capital, natural capital and the sustainable value chain; and (iv) book three on internal audit, risks and compliance, made up of the rules on risks, corporate control and compliance, with the latter including the *ScottishPower Code of Conduct and Disciplinary Rules,* the *ScottishPower Code of Conduct for Suppliers* and the *Regulations of the Compliance Unit*.

6. In the preliminary book, the *Purpose and Values of the Iberdrola Group* comprises the corporate philosophy that informs the focus and organisation of the Company and the other companies of the Iberdrola Group, guides their strategy and governs their activities. The identification and definition of a specific purpose and values means that the entire internal framework of the companies of the Iberdrola Group and their respective governance and

sustainability systems is conceived, implemented, applied and interpreted in terms of both one and the other, as they constitute its true structural principles.

For their part, the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* inform the Company's rules and those that, where appropriate, are approved, in the exercise of their corporate autonomy, by the other companies of the Iberdrola Group, promoting the creation of long-term sustainable value and considering its different Stakeholders.

These *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, together with the *Purpose and Values of the Iberdrola Group*, contribute to forming the identity and essence of the companies of the Group as a whole, in line with the strictest ethical principles, favouring the construction of an electric, healthy and accessible energy model that is consistent with the highest standards and requirements in terms of transparency and good governance, human and social capital, natural capital and compliance, and taking into account the sustainable value chain.

7. The first book is headed by the *Articles of Association*, a constitutional document approved by Iberdrola, in its capacity as indirect sole shareholder of the Company, which represents the maximum expression of the Company's corporate autonomy and is the primary source of its internal regulations and the basis of its Governance and Sustainability System.

   The *Articles of Association* and, particularly, Articles 4 and 5, expand the usual content of these corporate rules and define the position of the Company within the Iberdrola Group and detail the Company's commitment to engagement with its Stakeholders, transparency and digital transformation.

   In the development of the *Articles of Association*, the rules governing the corporate organization are particularly significant in the Company's internal regulations.

   All of the above operates on the basis of the corporate and governance structure of the companies making up the Iberdrola Group and their Business Model defined in the *Articles of Association* and in the *Foundations for the Definition and Coordination of the Iberdrola Group,* which incorporate the best practices in this area and position the companies of the Iberdrola Group as an international benchmark for good governance. They recognise the reality of a multinational group, made up of multiple companies, diversified and efficiently organised and coordinated for the best development of the corporate purpose and the achievement of the corporate interest of each of them.

8. As a regulatory instrument, the policies comprising book two are characterized by their function of linking and solidifying ideas and values into modes, patterns and standards of action, rationalizing management decisions in the various areas and issues that so require due to the nature thereof. To that extent, they entail a positive limitation of the discretion that the directors and professionals of the Company must have in the performance of their duties. As a result of the foregoing, they define principles of conduct which, if adhered to, can lead to the presumption of conformance and suitability of the corresponding actions to the purpose, the values and the corporate interest of the Company, to the realisation and fulfilment of which they contribute.

The Governance and Sustainability System differentiates policies related to transparency and good governance, those on human and social capital, those on natural capital and those regarding the sustainable value chain policies (provided for in book two), as well as policies and standards relating to risks, corporate control and compliance (set out in book three).

9. Policies related to transparency and good governance are particularly important, because the Company aspires for its conduct and that of the persons connected to it to conform and adhere not only to the requirements of applicable legal provisions, but also to its own Governance and Sustainability System.

These policies, prepared at the forefront of transparency and good governance best practices, apply to its structure and organization, nature and dimension as a *head of business* company of the Iberdrola Group.

They also define, within the framework of legal provisions and the *Articles of Association* and in compliance with the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, the guidelines for and principles of conduct in which the *Purpose and Values of the Iberdrola Group* and its sustainable development strategy take shape, guiding the conduct of the directors and professionals of the Company.

The Company's good governance strategy defined by the policies related to transparency and good governance is in line with the highest ethical standards and compliance with the generally recognized good governance recommendations and takes into account the Stakeholders related to the Company's business and institutional activity. All this pursuant to the *ScottishPower Sustainable Development Policy* and the *ScottishPower Stakeholder Engagement Policy*.

The Company's corporate organization is a faithful reflection of governance adapted to its business, corporate and institutional nature, rooted in its purpose and values and which permanently engages its Stakeholders.

The Company's Board of Directors has a balanced and plural composition which enriches decision-making and contributes multiple viewpoints to the discussion of the matters within its purview.

The management team supports the Board of Directors in the implementation of its powers − with the possible reinforcement of support or advisory committees as mentioned above − and the remuneration of the Company's directors and members of senior management is governed by principles and practices aligned with sustainability.

The taxes paid by the Company in the territories in which it does business, either directly or through its subsidiaries, constitute its main contribution to the funding of public purpose needs and, accordingly, one of its main contributions to society. The tax strategy of the Iberdrola Group is based on three pillars: compliance with tax obligations, on-going cooperation with tax authorities and transparency, as stated in the *ScottishPower Corporate Tax Policy*.

10. The policies relating to human and social capital, *i.e*. the *ScottishPower Policy on Respect for Human Rights* and the *ScottishPower Sustainable Human Capital Management and Anti-*

Harassment Policy are an essential part of the sustainable development strategy and comprise the firm, proactive response of the Company to inescapable social challenges, objectives and goals, such as respect for human rights, the development of professional relationships based on equal opportunity and non-discrimination, the prevention of harassment and a strong commitment to tackle it, promotion of talent, merit and skill, appropriate knowledge management, professional development, and the balance between personal and professional life.

The link of the Company to the demands and requirements of human capital has its maximum expression in the global, committed and well-qualified team formed by its professionals, who contribute with their work and talent to the sustainable creation of long-term value and to achieving the business goals.

11. The sustainable development strategy of the Company also includes the natural capital policies relating to the management and protection of nature, climate action,biodiversity and the circular economy, which constitute the Company's proposal in response to environmental challenges such as sustainable management of natural capital, protection of the environment, driving environment sustainability, climate change, the decline in biodiversity and the circularity of business activity, while promoting the efficient use of natural resources and helping to identify and take advantage of the opportunities arising from the energy and ecological transition. Within the framework of the *Purpose and Values of the Iberdrola Group* and the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, they reflect the Company's commitment to the development of a sustainable energy model, based on the use of renewable energy sources and smart grids, electrification, efficiency, the reduction in polluting emissions and digital transformation, where respect and protection of nature inspire its strategy.

12. The policies related to the sustainable value chain reflect the Company's drive to implement and promote a sustainable, environmentally respectful, transparent and ethical value chain within the framework of the culture of excellence in aspects such as free competition, procurement, operational resilience, brand, corporate reputation, security, protection of personal data, responsible use of artificial intelligence, innovation, quality, digital technology and occupational health and safety as the key tools to drive sustainability, efficiency and competitiveness. They hence include the fundamental pillars for the value chain to continue creating competitive advantages in the long-term that result in a greater contribution to society.

13. As an essential element of the Company's sustainable development strategy, the Governance and Sustainability System contains a robust regulatory framework relating to internal auditing, the management of risks and corporate control and compliance, which responds to the most advanced requirements in these areas. These are the rules that, together with the *ScottishPower Code of Conduct and Disciplinary Rules* and the *ScottishPower Code of Conduct for Suppliers*, make up its book three.

    The *General Risk Control and Management Foundations of the Iberdrola Group* define a comprehensive system, the purpose of which is to identify, prevent and mitigate those risks that affect the realization of the broad and ambitious business enterprise of Iberdrola. They establish the general framework of action for controlling and managing the risks that the Companies of the Iberdrola Group face, establishing homogeneous and consistent standards

for the management of a diversity of risks, ranging from corporate to business, including, among other, financial, sustainability, security-related and reputational risks.

The nature, organization and powers of the Internal Audit function, which correspond to the Internal Audit and Risk Division of the Company, are regulated in the *Basic Internal Audit Regulations* of the Company, the basic activity of which consists of independently and proactively endeavoring to ensure the effectiveness of the governance, risk management and internal control processes.

For the preparation of consolidated financial and non-financial information, the Company has adopted the *Iberdrola Group Financial and Non-Financial Information Preparation Policy*, which responds to the foundations of subsidiarity and decentralised management that govern the corporate and governance structure of the Iberdrola Group and clearly defines the different responsibilities of the different management decision-making bodies in the process.

14. The Company has a Compliance System, as established in the *Terms of Reference of the Board of Directors*, which aims to guarantee the Company's conduct in accordance with ethical principles, legality and internal regulations, in particular, the Governance and Sustainability System, contributing to the full realization of the *Purpose and Values of the Iberdrola Group* and of the social interest, as well as well as to prevent, manage and mitigate the risk of regulatory and ethical breaches by the directors, professionals and suppliers thereof within the organisation.

    As part of its Governance and Sustainability System, the Company has approved the *SP Energy Networks Compliance Policy* which, together with the *SP Energy Networks Policy on Anti-Bribery and Corruption* and the *SP Energy Networks Internal Reporting and Whistleblower Protection System*, represent its alignment with regulatory requirements and best practices, as well as with the *Purpose and Values of the Iberdrola Group*, with the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, with transparency and with the permanent monitoring and sanctioning of irregular conduct and illegal acts or acts contrary to the law or the Governance and Sustainability System. The Compliance System is being continuously revised to include the most advanced international practices and new requirements in this area.

15. The Company's Compliance Unit, whose chairman is a professional external to the companies of the Iberdrola Group and an expert of recognised prestige in the field of compliance, proactively and autonomously contributes to forming, developing, implementing and making effective the Compliance System. Its functioning is regulated in the *Regulations of the Compliance Unit.*

16. The Company has adopted the *ScottishPower Code of Conduct and Disciplinary Rules* and the *ScottishPower Code of Conduct for Suppliers*, which develops and specifies the content of the *Purpose and Values of the Iberdrola Group*. They apply to the Company's directors, professionals and suppliers as well as those other persons whose activity is expressly subject thereto and establish principles of conduct designed to ensure their responsible behaviour in a global, complex and changing setting, and it also responds to the duties of prevention imposed within the area of criminal liability for legal entities.

17. The approval of the rules and policies that make up the Governance and Sustainability System

and the Compliance System is entrusted to the Board of Directors, all without prejudice to the powers of the sole shareholder, which is ultimately responsible for the approval of the corporate focus and management, as well as the comprehensive results.

18. The Company aspires for its Governance and Sustainability System and Compliance System to enjoy the highest possible levels of compliance and dissemination, with a particular emphasis on taking advantage of innovation and the most advanced, environmentally-friendly technologies and on the principles of regulatory transparency. Therefore, the documents that make up the Governance and Sustainability System and the main rules that underpin the Compliance System are available on its corporate website (spenergynetworks.co.uk) and are published in accessible formats so that they can be consulted using the most frequently utilised electronic devices, including smartphones, tablets and computers.

    The general foundations and policies of the Governance and Sustainability System have a committee, area or division that is responsible for their supervision.

19. Both the Governance and Sustainability System and the Compliance System are subject to a process of constant revision so that they always suit and conform to the facts and circumstances requiring any such revision, as well as to ensure that they include the best guidelines in the area, practical experience and the generally accepted recommendations in the international markets.

20. The Company shall continue to review and update its GSS in line with best practice and the resources available to it.

22 September 2026.
The Board of Directors of Scottish Power Energy Networks Holdings Limited