

GOVERNANCE AND SUSTAINABILITY SYSTEM

INTRODUCTION TO CHAPTER TWO - PURPOSE

1. The Governance and the Sustainability System constitutes the internal regulatory framework for the Company and its Group. It is autonomously established by the Company as its own set of rules defining its purpose and values against which its business strategies and goals are to be set.
2. The Governance and Sustainability System is the primary source of the internal rules of the Company and its group. These rules are based on and should be interpreted against the *Purpose and Values of the Iberdrola Group*, and the corporate philosophy which is underpinned by the Company's sustainable development strategy, the general principles and bases of which are set out in the *General Sustainable Development Policy*.
3. The Company is committed, in line with the Iberdrola Group's stated values "*to continue building together each day a healthier, more accessible energy model, based on electricity*", through responsible and sustainable comprehensive (economic, social and environmental) commercial activities that contribute to the Sustainable Development Goals (SDGs) approved by the United Nations, and respect for human rights. In this way, the Company is committed to be an active player which takes decisive leadership in support of sustainable progress. ScottishPower's commitment is "**to deliver a better future, quicker for everyone**".
4. The Company's corporate purpose forms the basis of its social dividend, which is the effective contribution of the Company to its stakeholders and the communities in which it operates. The Company's purpose includes the intention that it may act as a driver and lever for social and environmental change.
5. The stated values of the Iberdrola Group are '*Sustainable Energy*', '*Integrating Force*' and '*Driving Force*', which express its desire for engagement, leadership and commitment to a fast-changing social reality, its demands, challenges and opportunities.
6. The *Purpose and Values of the Iberdrola Group* as adopted by the Company constitute the basis upon which the Company and its business activities are founded. They also form the basis for the *Code of Ethics*, also adopted by the Company, which is a mandatory set of rules to be observed by all those to whom it applies.
7. In line with the Iberdrola Group's strategy, the Company's strategy (as reflected in the structure of the Governance and Sustainability System itself) also includes a sustainable development strategy based around three key themes: environmental and anti-climate-change performance, social commitment and the application of corporate governance best practice. This strategy constitutes the Company's response to the challenges in these areas and reflects its focus on the creation of shared sustainable value for its shareholders and for the other stakeholders related to its business activities, all in accordance with the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics* and the *Stakeholder Engagement Policy*.
8. The *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy* are compiled into Chapter Two of the Company's Governance and Sustainability System under the heading 'Purpose'.
9. The adoption of these policies as a core part of its Governance and Sustainability System is the Company's statement of its commitment to ethics, sustainable development and to creating value for its stakeholders and the community **to transmit, distribute and connect electricity to and from millions of homes and businesses over our network, 24 hours a day, every day of the year.**

In Glasgow, on 31 March 2021

The Board of Directors