



2025 Annual Activity Report

Scottish Power Energy Network Holdings Limited

Audit & Compliance Committee

27 January 2026

Confidential

Background

Report for the year 2025 presented to the Scottish Power Energy Networks Holdings Limited Audit & Compliance Committee (“**the Committee**”) for noting by the Committee and thereafter submitted to the Board of Directors of Scottish Power Energy Networks Holdings Limited for approval, pursuant to article 5 of the Terms of Reference of the Committee.

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1. Introduction

In accordance with the provisions of the Articles of Association of Scottish Power Energy Networks Holdings Limited (“**the Company**”), the board of Directors established the Committee on 31 January 2018. The Committee is a permanent internal body and has an informative and consultative role. The Committee does not have an executive function. It has powers to gather information, carry out assessments and present proposals to the Board of Directors within the scope of its activities.

The Committee provides an additional assurance that the Board of Directors supervises the significant risks of the Business with the utmost transparency, self-discipline and rigour. In assessing the effectiveness of the Internal Control System, where relevant to the Company, the Committee contributes to the attainment of the strategic objectives of the Company. While an effective Internal Control System does not, in and of itself, guarantee the achievement of such goals, it does provide an assurance that the Management of the Company makes its decisions within the framework of the guidelines and standards issued by the Board of Directors.

The Committee’s Terms of Reference set out the authority and responsibilities of the Committee together with its method of operation. The Terms of Reference have been prepared taking into account the fact that the ultimate parent company of the Company is a listed company, is the parent company of the Iberdrola Group and also has an Audit and Risk Supervision Committee within its governance structure.

The Committee exercises its functions with full autonomy, notwithstanding the establishment of a framework for collaborating with and reporting on the development of its functions with the Iberdrola Audit and Risk Supervision Committee and the Internal Audit function as defined in the Regulations of the Audit and Risk Supervision Committee of Iberdrola S.A.

2. Composition, Meetings and Attendance

The Committee consists of the following members:

Member	Title	Position
Gillian Elizabeth King	External, Non-Executive Member (Chairperson)	External, Non-Executive Director – Scottish Power Energy Networks Holdings Limited
Rt Hon Charles Hendry	External, Non-Executive Member	External, Non-Executive Director – Scottish Power Energy Networks Holdings Limited
Douglas Ness	Internal, Executive Member	Control Director – SP Energy Networks business

The following changes occurred during 2025 to the composition of the Committee: (i) Douglas Ness was appointed as an internal executive member on 20 March 2025; and (ii) Mónica Grau Domene ceased to be an internal non-executive member on 21 March 2025 following her resignation.

In 2025, the Committee met on 5 occasions and pursuant to the Committee’s procedures under Article 13 of the Company’s Articles of Association, the Committee, also adopted 9 written resolutions. After a call of each of the meetings, or any procedure to adopt written resolutions, the members of the Committee were provided with all information required to properly prepare for the topics submitted for their consideration.

The meetings of the Committee in 2025 are set out below:

Date	Place where the meeting was held
30 January 2025	Glasgow
26 March 2025	Glasgow
24 June 2025	Glasgow
1 October 2025	Glasgow
26 November 2025	Glasgow

The level of attendance of each of the members of the Committee at the meetings held during 2025 is set forth below:

Member	Meetings attended
Gillian King	Attended all meetings
Rt Hon Charles Hendry	Attended all meetings
Mónica Grau Domene	Attended all meetings prior to resignation
Douglas Ness	Attended all meetings from date of appointment

3. Audit and Compliance Committee Meetings 2025

3.1. Committee Highlights

2025

Number of meetings	5
Number of written resolutions	9
Reports, Proposals and Updates to the Company’s Board of Directors	38
Presentations from Senior Management	55
Presentations from the External Auditor	3

3.1.1. Reports, proposals and updates to the Scottish Power Energy Networks Holdings Limited Board of Directors

Title	Date
1. 2025 Calendar of Sessions	30 January 2025
2. 2024 SPEN ACC Annual Activity Report	
3. SPEN ACC Report – 2024 Year End Financial Information	
4. SPEN ACC Report – Compliance with Corporate Tax Policy	
5. 2025 Internal Audit and Risk Department Budget	
6. 2024 Internal Audit Annual Activity Report and Evaluation of Performance	
7. SPEN ACC Report – External Auditor Independence (2025 Statutory Accounts)	
8. 2025 Compliance Unit Budget and Annual Activity Plan	
9. 2025 Risk Department Annual Activity Plan and Evaluation of Performance	
10. SPEN ACC Risk Report – Enterprise Risk Management	
11. Cyber Security Activity Plan Update	

26 March 2025

12. SPEN ACC Report - Q1 2025 Financial Information
13. 2024 Non-Financial Information Report
14. SPEN ACC Risk Report – Enterprise Risk Management
15. SPEN ACC Report – 2024 Related Parties Transactions
16. Compliance System Effectiveness Report
17. 2024 Compliance Annual Activity Report and Evaluation of Performance
18. SPEN ACC Report – Proposed Directors Appointments

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|---|---------------------|
| <ol style="list-style-type: none"> 19. SPEN ACC Report - H1 2025 Financial Information 20. 2025 Cyber Security Plan update 21. SPEN ACC Risk Report – Enterprise Risk Management 22. SPEN ACC Report on SPEN's 2024/25 Regulatory Submissions 23. Business Separation Compliance System report 24. SPEN ACC Report – Special Purpose Vehicles or entities domiciled in tax havens 25. SPEN ACC Report – Proposed Director Appointment 26. SPEN ACC Report – Proposed Director Appointment | <p>24 June 2025</p> |
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| <ol style="list-style-type: none"> 27. SPEN ACC Report - Q3 2025 Financial Information 28. 2025 Tax Strategy 29. SPEN ACC Report – Non-Audit Services 30. ESG and Sustainability Update 31. SPEN ACC Report – Enterprise Risk Management 32. SPEN ACC Report – Proposed Directors Appointments | <p>1 October 2025</p> |
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| <ol style="list-style-type: none"> 33. SPEN ACC Report on Intercompany Contracts 34. 2026 Internal Audit Plan 35. 2026 Risk Operating Plan 36. 2025 SP Cyber Security Update 37. Data Protection Officer Update 38. Compliance Unit Update | <p>26 November 2025</p> |
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3.1.2. Senior Management Presentations

Date	Senior Manager	Presentation
30 January 2025	Finance Director	2024 Year End Financial Performance Review
	UK Group Tax Director	Report on Compliance with Corporate Tax Policy
	Director of Internal Audit and Head of Internal Audit	Internal Audit Report on Year End Financial Information & Certification Process 2024 Internal Audit Annual Activity Report and Evaluation of Performance Internal Audit Activities Update
	Business Compliance Officer	Compliance Update Review of Compliance Policies Update

UK Risk Director SPEN Risk Report
Integrated Risk Management Project Update

Cyber Security Director
and ScottishPower
Chief Information
Security Officer (CISO) Cyber Security Activity Plan Update

26 March 2025

Finance Director Q1 2025 Financial Performance Review

Director of Internal
Audit and Risk and
Head of Internal Audit Internal Audit Report on Q1 2025 Financial
Information
Internal Audit Activities Update

UK Risk Director SPEN Quarterly Risk Report and Risk Register

Compliance Update

Business Compliance
Officer 2024 Compliance Activity Report and
Evaluation of Compliance Unit Performance
Compliance System Effectiveness Report

24 June 2025

Finance Director 2025 to date Financial Performance Review
Accounts completion for Licensed Companies
Draft Directors' and External Auditor's Report

Director of Internal
Audit and Risk and
Head of Internal Audit Internal Audit Report on H1 2025 Financial
Information
External Auditor's Independence Letter
Internal Audit Activities Update

UK Risk Director SPEN Quarterly Risk Report and Risk Register
SPEN Risk Guidelines and Indicators
Enterprise Risk Management Project Update

Cyber Security Director
and ScottishPower
CISO 2025 Cyber Security Update

Network Planning &
Regulation Director Draft Certification of Availability of Resources
Draft Certificate of Compliance
Draft Intervention Plan
Draft Certification of Unbundling

		Draft Ultimate Controller Undertaking
		Draft Tax Assurance Statement
		Draft Business Separation Report
		Network Planning and Regulation Report on SPEN's 2024/25 Regulatory Submissions
	Business Compliance Officer	Compliance Developments Update Governance and sustainability system
1 October 2025	Finance Director	Q3 2025 Financial Performance Review
	Director of Internal Audit and Risk and Head of Internal Audit	Internal Audit Report on Q3 2025 Financial Information 2025 Internal Audit Activities Update
	Processes and Technology Director	ESG and Sustainability Update
	Customer Service Director	Electricity System Restoration Update
	Business Compliance Officer	Compliance Developments Update
	UK Risk Director	SPEN Quarterly Risk Report and Risk Register Enterprise Risk Management – Project Update
26 November 2025	Finance Director	November 2025 Financial Performance Review SAP Plant Maintenance Issue
	Director of Internal Audit and Risk and Head of Internal Audit	2025 Internal Audit Activities Update
	Cyber Security Director and ScottishPower CISO	2025 SP Cyber Security Update
	UK Risk Director	SPEN Quarterly Risk Report and Risk Register Enterprise Risk Management – Project Update Risk Assessment Methodology and Criteria
	Business Compliance Officer	2025 Compliance Update Compliance Policy Review

3.1.3. External Auditor Presentations

Subject	Date
External Audit Update on 2024 Year End	30 January 2025
External Audit Update on Statutory Accounts	24 June 2025
External Audit Plan and Strategy	26 November 2025

3.2. Meeting agendas

In 2025, the Committee held five meetings. The following tables show the business transacted at each of these meetings:

Session 1 – 30 January 2025

Legal Update

- 2025 Calendar of Sessions
- 2024 SPEN ACC Annual Activity Report
- PWC Audit of Governance & Sustainability System – Results & Findings

Financial Information Review

- External Audit Update
- 2024 Year End Financial Performance Review
- Internal Audit Report on Year End Financial Information & Certification Process
- SPEN ACC Report – 2024 Year End Financial Information
- Report on Compliance with Corporate Tax Policy
- SPEN ACC Report – Compliance with Corporate Tax Policy

Internal Audit Update

- 2025 Internal Audit and Risk Department Budget
- 2024 Internal Audit Annual Activity Report and Evaluation of Performance
- Internal Audit Activities Update
- SPEN ACC Report – External Auditor Independence (2025 Statutory Accounts)

Compliance Unit Update

- 2025 Compliance Unit Budget and Annual Activity Plan
- SPEN Compliance Update
- Review of Compliance Policies Update

Risk Update

- Risk Department Annual Activity Plan and Evaluation of Performance

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- SPEN Risk Report
 - SPEN ACC Risk Report – Enterprise Risk Management
 - Integrated Risk Management Project Update

Cyber Security Update

- Cyber Security Activity Plan Update

Session 2 – 26 March 2025

Financial Information Review

- Q1 2025 Financial Performance Review
- Internal Audit Report on Q1 2025 Financial Information
- SPEN ACC Report - Q1 2025 Financial Information

Internal Audit Update

- Internal Audit Activities Update

2024 Non-Financial Information Report

Risk Department Update

- SPEN Quarterly Risk Report Q1 2025 and Risk Register
- SPEN ACC Risk Report – Enterprise Risk Management

Compliance Unit Update

- Compliance Update
- Evaluation of Compliance Unit Performance
- SPEN ACC Report – 2024 Related Parties Transactions
- Compliance System Effectiveness Report
- Compliance Unit Chair – Annual Update

SPEN ACC Terms of Reference Update

SPEN ACC Report – Proposed Directors Appointments

Session 3 – 24 June 2025

Financial Information Review

- External Audit Update on Statutory Accounts
- 2025 to date Financial Performance Review
- Internal Audit Report on H1 2025 Financial Information & Certification
- SPEN ACC Report – H1 2025 Financial Information

2024 Licensed Companies' Accounts

- Accounts completion for Licensed Companies
- Draft Directors' and External Auditor's Reports
- External Auditor's Independence Letter

Internal Audit Update

- 2025 Internal Audit Activities and Activity Plan update

Cyber Security

- 2025 Cyber Security and Cyber Security Plan update

Risk Update

- SPEN Risk Register
- Quarterly Risk Report Q2 2025
- SPEN ACC Risk Report – Enterprise Risk Management
- SPEN Risk Guidelines and Indicators
- Enterprise Risk Management Project Update

2025 Regulatory Submissions

- Draft Certification of Availability of Resources
 - Draft Certificate of Compliance
 - Draft Intervention Plan
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- Draft Certification of Unbundling
 - Draft Ultimate Controller Undertaking
 - Draft Tax Assurance Statement
 - Draft Business Separation Report
 - Network Planning and Regulation Report on SPEN's 2024/25 Regulatory Submissions
 - SPEN ACC Report on SPEN's 2024/25 Regulatory Submissions

Compliance Unit Update

- Compliance Developments Update
- Business Separation Compliance System report
- Governance and sustainability system – Compliance update

Special Purpose Entities and Tax Haven Companies

- SPEN ACC Report - Special Purpose Vehicles or entities domiciled in tax havens

Governance and Sustainability System

- Governance and Sustainability System update
- SPEN ACC Terms of Reference Update
- SPEN Compliance Unit Regulations Update

Director's Appointments

- SPEN ACC Report – Proposed Director Appointment (SPT, SPD, SPM)
- SPEN ACC Report – Proposed Director Appointment (ENW Group)

Session 4 – 1 October 2025

Financial Information Review

- 2025 Tax Strategy
- Q3 2025 Financial Performance Review
- Internal Audit Report on Q3 2025 Financial Information
- SPEN ACC Report on SPEN's Q3 2025 Financial Information

Internal Audit Update

- 2025 Internal Audit Activities Update
- SPEN ACC Report – Non-Audit Services

ESG and Sustainability Update

Electricity System Restoration – SPEN Update

Risk Update

- SPEN Risk Report
- Quarterly Risk Report Q3 2025
- SPEN ACC Report – Enterprise Risk Management
- Enterprise Risk Management – Project Update

Compliance Unit Update

- Compliance Developments Update

Committee Members' Education Programme

SPEN ACC Report on Proposed Director's Appointments

Session 5 – 26 November 2025

Financial Information Review

- External Audit Plan and Strategy
 - November 2025 Financial Performance Review
 - SAP Plant Maintenance Issue Update
 - SPEN ACC Report on Intercompany Contracts
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Internal Audit Update

- 2025 Internal Audit Activities Update
- 2026 Internal Audit Plan

Cyber Security Update

- 2025 SP Cyber Security Update

Data Protection Officer Update

Risk Update

- SPEN Key Risk Report
- Enterprise Risk Management – Project Update
- Risk Assessment Methodology and Criteria
- 2026 Risk Operating Plan

Compliance Update

- 2025 Compliance Update
- Business Separation Compliance Officer Update
- Compliance Policy Review

Legal Claims and Regulatory Investigations

Legal Update

- 2026 Calendar of Sessions
 - Commencement of the 2025 Corporate Governance Audit
 - Commencement of the preparation of the Annual Activities Report
-

Article 13 of the Company's Articles of Association makes provision for the use of an electronic voting system for the purpose of adopting a directors' written resolution process. The Committee passed 9 written resolutions during 2025 as follows:

- **21 February 2025:** appointment of Nicola Connelly, Pearse Murray, Scott Mathieson and Douglas Ness as Executive Directors of Eastern Green Link 4 Limited;
- **20 March 2025:** appointment of Keith Stuart Anderson, Jorge Marín Ródenas, David José Mesonero Molina and Steve Baker as directors of various Electricity North West (ENW) group companies;
- **26 May 2025:** approval of the 2025 CEO Objectives;
- **13 June 2025:** (i) re-appointment of the Company's auditors in respect of the 2025 statutory audit (ii) approval of the report from the Committee on the Auditor Terms of Engagement 2025 and (ii) approval of the report from the Committee on the Updated Auditor Fees 2024;
- **10 July 2025:** appointment of Stephanie Trubshaw as a director of various ENW group companies;
- **4 September 2025:** appointment of Amanda Henderson as the Business Compliance officer of the Company's Compliance Unit;
- **27 October 2025:** appointment of Andrew Ward as a director of Steel River Power Limited;
- **17 December 2025:** appointment of Ellen Fraser as a director of Electricity North West Limited;
- **19 December 2025:** appointment of Ana Lafuente González as a director of North West Electricity Networks (UK) Limited and Electricity North West Limited;

4. Main Activities

In 2025, the Committee carried out a number of planned activities in order to effectively discharge the duties entrusted to it by the Board of Directors of the Company.

4.1. Internal audit and risk

The Terms of Reference* indicate that the role of the Committee is “To oversee the independence and efficiency of the Internal Audit and Risk Department... To approve the annual activities plan of the Company’s Internal Audit and Risk Department... to propose the budget of the Internal Audit and Risk Department teams, for its approval by the Board of Directors.... To supervise and guide the work of the Internal Audit and Risk Department... to evaluate the operation of the Internal Audit and Risk Department...To verify... that the members of senior management take into account the conclusions and recommendations contained in the reports of Internal Audit.”

The Director of Internal Audit and Risk presented a report to the Committee at its meeting on 30 January 2025, summarising the main activities and achievements of the Internal Audit and Risk department in 2024.

On 30 January 2025, the Committee proposed the 2025 Internal Audit and Risk Department Annual Budget for approval by the Company’s Board.

On 30 January 2025 the Committee reviewed the 2024 Annual Acticity Report and evaluated the performance of the Internal Audit department for 2024.

At every meeting in 2025 the Director of Internal Audit and Risk presented a report to the Committee to update on Internal Audit and Risk activities.

On 26 November 2025, the Committee approved the 2026 Internal Audit Annual Plan. The 2026 Internal Audit Annual Plan was derived in accordance with the guidelines and general plans established by the head of the Iberdrola Internal Audit Department but focused on the Company’s risks.

4.2. Internal monitoring and risk management systems

The Terms of Reference* indicate that the role of the Committee is “To be aware of and keep under review the Company’s internal control system, internal risk monitoring and management systems... To ensure... that the main risks of the Company and those of any of the Company’s subsidiaries are identified, managed and adequately reported... To analyse...the relevant weaknesses of the internal control system that may have been detected in the course of the audit of the Company... To provide, at least every three months, a report regarding the internal control and risk management systems of the Company and its subsidiaries for the Board of Directors... To oversee the data protection and cybersecurity activities to

be reported to the Committee, which shall be in turn reported to the Board of Directors.”

The UK Risk Director presented papers to the Committee on 30 January, 26 March, 24 June 2025 and 1 October 2025 providing an update on the performance against defined key limits and indicators, and the main risks facing the Company. Each of these reports were presented by the Chair of the Committee to the Company’s Board. The UK Risk Director also presented the SPEN Key Risk Register at every Committee meeting in 2025. The UK Risk Director also presented an update on 24 June 2025 on the General Risk Control and Management Policy and Risk Guidelines and Indicators.

The ScottishPower Chief Information Security Officer and the Company’s Director of Cyber Security presented the 2025 Cyber Security Activity Plan Update to the Committee on 30 January, 24 June and 26 November 2025, which was also presented to the Board.

On 26 November 2025, the Data Protection Officer presented her report regarding data protection compliance which was also presented to the Board.

4.3. Audited Accounts

The Terms of Reference* indicate that the role of the Committee is “To propose to the Board of Directors the appointment, and terms of engagement, of the Company’s auditors, in accordance with applicable regulations...To establish appropriate relationships with the auditors and to obtain information on those issues related to the audit process which may put their independence at risk... To obtain information regularly from the auditors on any issues which may be provided for in applicable legislation and/or the relevant audit practices in force from time to time...To issue, and provide to the Board of Directors, on an annual basis and prior to the issuance of the Company’s auditors’ report, a report setting forth an opinion on the independence of the auditors... To receive information about any kind of additional services other than the audit services that the auditors may provide to the Company...To review the contents of the auditors’ reports before they are issued... To serve as a communication channel between the Board of Directors and the auditors”.

On 30 January 2025, as part of the supervision of the auditing of the financial statements by the Committee, representatives from the external auditor (KPMG) appeared before the Committee to present the External Audit Update on the December 2024 Statutory Accounts. Representatives from the external auditor also appeared before the Committee on 24 June 2025 to present the External Audit Update on Statutory Accounts for the year ending 31 December 2025. Further, representatives from the external auditor presented to the Committee on 26 November 2025 on the External Audit Plan and Strategy for the year ending 31 December 2025.

On 30 January 2025, the Committee approved their report noting that: (i) the external auditor has confirmed their independence in the letter sent to the Board of Directors and Audit and Compliance Committee members dated 12 December 2024; (ii) the external auditor has not reported any situation or risk that could affect its independence; (iii) the external auditor has confirmed that as part of their internal procedures and rules, they have in place adequate processes to consider any threats to their independence and relevant safeguards and mitigations; (iv) the external auditor has confirmed that the total value of non-audit fees for services provided during the period ended 31 December 2024 does not create a self-interest threat since the absolute level of fees is not significant to the firm as a whole; and (v) all non-audit services were pre-approved by the Committee and the value of these services are not material.

On 12 June 2025 the Committee approved by written resolution the reappointment and conditions of the engagement of the external auditor (KPMG) for the 2025 statutory audit.

On 1 October 2025 the Committee considered and approved the non-audit services to be provided by the external auditor for the financial year to December 2025.

4.4. Financial Information

The Terms of Reference* indicate that the role of the Committee is “To oversee the preparation and presentation process and the clarity and accuracy of the financial information (including half year information) related to the Company...To evaluate any proposal regarding any changes within the general accounting practices, policies and procedures of the Iberdrola Group as they relate to the Company...To prepare a report for the Board of Directors on the annual and interim financial statements...To gather information on significant adjustments to financial statements identified by the auditor or resulting from the reviews carried out by the Internal Audit and Risk Department...To oversee compliance with the legal requirements and the correct application of the national, generally accepted accounting principles, and those international financial reporting standards...To inform the Board of Directors of the principles on which any transactions carried out between the Company and any of the other companies forming part of the Iberdrola Group.”

One of the most significant activities of the Committee is the periodic submission to the Board of Directors of its reports on the approval of the year end and interim economic and financial information of the Company. Through the support of the Director of Internal Audit and Risk, the Committee approved the reports for the Company's Board of Directors, specifically:

- Results to 31 December 2024 on 30 January 2025;
- Results to 31 March 2025 on 26 March 2025;
- Results to 30 June 2025 on 24 June 2025; and
- Results to 30 September 2025 on 1 October 2025.

The reports of the Committee provide an opinion to the Board of Directors on the following: changes in accounting policies and practices from those adopted in the 2024 consolidated annual accounts of the Iberdrola Group; comments and observations about the significant issues of the period; and potential risks and sources of uncertainty in the accounting policies and practices adopted with potentially significant impact in the 2025 consolidated annual accounts.

At the Committee meeting held on 30 January 2025, the Director of Internal Audit and Risk provided assurance on the processes relating to the preparation of the financial information for the 2024 year end ensuring that all the required reviews, guarantees and certification were scheduled to be completed in accordance with agreed timetable.

At each meeting of the Committee during 2025, the Finance Director presented an update about the financial performance of the Company. In addition, at the Committee meeting held on 30 January 2025 the external auditors (KPMG) also presented an update on the December 2024 Statutory Accounts.

On 26 November 2025, the Committee noted the 2025 list of intercompany contracts for the Company together with the standards and principles upon which those transactions were based and informed the Board of the same on 26 November 2025.

4.5. Sustainable Development

The Terms of Reference* indicate that the role of the Committee is to “supervise the Company’s actions relating to the sustainable development activities of the Company and, particularly, whether its environmental and social practices conform to the global strategy and policies of the Iberdrola Group, and of the Company, and report on the same to the Board of Directors.”

On 1 October 2025, the Director of Processes & Technology presented the update on ESG and Sustainability which was also presented to the Board.

4.6. Compliance, Good Governance and Prevention and Correction of Fraudulent and Illegal Behaviours

The Terms of Reference* indicate that the role of the Committee is to “To receive information from the Compliance Unit in connection with any significant matters relating to regulatory compliance and the prevention and correction of improper or illegal conduct or acts....To receive information from the Compliance Unit concerning any significant matters relating to the effectiveness of the Company’s Compliance System...To have the Compliance Unit review the internal policies and procedures of the Company...To review and validate the annual budget of the Compliance Unit, prior to its submission to the Board of Directors...Each year, to issue an opinion on the Compliance Unit’s compliance with its annual activities plan

and its performance and submitting it to the Board of Directors...To approve the annual activity plan for the Compliance Unit...To review the status of the Company's compliance with laws, regulations and internal procedures..."

At the 30 January 2025 meeting, the Company's Business Compliance Officer presented the Compliance Unit 2025 Annual Budget and 2025 Annual Activity Plan. The Committee approved the 2025 Annual Activity plan and proposed the 2025 budget for approval by the Board. The annual budget includes the required level of resources to deliver the annual plan, as determined by the Chief Compliance Officer and the Business Compliance Officer.

On 26 March 2025 the Committee reviewed the activity of Compliance for 2024 and evaluated its performance.

On 26 March 2025, the Business Compliance Officer presented the Compliance System Effectiveness Report. On 30 January, 26 March, 24 June, 1 October and 26 November 2025, the Business Compliance Officer presented an update to the Committee on the Compliance Unit activities.

4.7. Irregular and Improper Financial Conduct

The Terms of Reference* indicates that the role of the Committee is "To have direct access...to complaints or reports submitted through the Internal Reporting Channels, as defined and developed in the Regulations of the Compliance Unit of the Company, that might have a material impact on the financial statements or internal controls thereof, and, if it so deems necessary, to propose appropriate actions to mitigate or reduce the risk of future occurrences thereof."

On 30 January, 26 March, 24 June, 1 October and 26 November 2025, the Business Compliance Officer presented an update to the Committee on the Compliance Unit activities.

On 26 November 2025, the Committee noted the report of the Company's 2025 Legal Claims and Regulatory Investigations. The aim of this report is to provide the Committee with an update on the status of major legal claims and regulatory investigations and potential legal risks affecting the Company.

4.8. Special Purpose Vehicles and Tax Haven Companies

The Terms of Reference* indicates that the role of the Committee is "To inform the Board of Directors... prior to adoption of any decision on the creation or acquisition of holdings in special purpose vehicles as subsidiaries (direct or indirect) of the Company or in entities domiciled in countries or territories which are considered tax havens..."

On 24 June, the Committee Secretary provided a report for the Committee in relation to special purpose vehicles or entities domiciled in tax havens within the Company's group of companies.

4.9. Business Separation of Activities Compliance

The Terms of Reference* indicate that the role of the Committee is “To consider, on an annual basis, the Business Separation Compliance Officer Report on Business Separation, submitted to the Committee to provide an update on compliance with the separation of activities focusing on the effectiveness of the practices, procedures, and systems adopted in accordance with applicable regulatory requirements of the Company and its subsidiaries. To overview any regulated activities business separation report of the Company and its subsidiaries. To inform to the Board of Directors in advance of any changes to the business separation regulatory requirements applicable to the Company and its subsidiaries”.

The Distribution and Transmission licence conditions include a number of requirements relating to separation between electricity network businesses and competitive energy activities. They also require the appointment of a Compliance Officer with specific tasks and duties including the preparation and submission of an Annual Report to the Licensee.

On 24 June 2025, the Company's Business Separation Compliance Officer provided a draft Business Separation Report to the Committee describing the measures taken by SPT, SPD and SPM to meet their respective business separation requirements. The Committee noted the terms of the draft report.

On 26 November 2025, the Company's Business Separation Compliance Officer provided the Business Separation Compliance Officer Update to the Committee.

4.10. Tax Compliance

The Terms of Reference* indicate that the role of the Committee is “To produce, for the Board of Directors, reporting on the level of compliance with the *Corporate Tax Policy* and the tax criteria used throughout the relevant financial year and after the submission of tax returns”.

On 30 January 2025, the UK Group Tax Director presented a report on the Degree of Compliance with the Corporate Tax Policy which was approved by the Committee.

On 1 October 2025, the UK Group Tax Director presented the 2025 Tax Strategy.

*updated Terms of Reference for the Committee were approved by the Company's Board on 24 June 2025.

5. 2026 Outlook

At its meeting on 26 November 2025 the Committee will consider a proposed Calendar of Sessions for 2026. This will ensure that the Committee fulfils its duties and responsibilities as defined in Article 3 of the Terms of Reference. Subject to approval by the Committee, the proposed activities to be covered in the sessions of 2026 are set out in the table below:

Audit Committee Function	Proposed Activities
Internal Audit	<ul style="list-style-type: none"> ➤ Presentations by the Director of Internal Audit and Risk: <ul style="list-style-type: none"> ○ 2025 Internal Audit Annual Activity Report ○ 2026 Internal Audit and Risk Department Budget ○ Monitoring of 2026 Internal Audit Activities ○ 2027 Internal Audit Plan
Internal Monitoring and Risk Management Systems	<ul style="list-style-type: none"> ➤ Presentations by the UK Risk Director: <ul style="list-style-type: none"> ○ Risk Monitoring and Management Update ○ Quarterly Risk Report
External Audit	<ul style="list-style-type: none"> ➤ Presentations by the External Auditor: <ul style="list-style-type: none"> ○ External Audit Updates on Statutory Accounts ➤ Presentation by the Director of Internal Audit and Risk: <ul style="list-style-type: none"> ○ Terms of Engagement for the 2026 statutory audit ○ Independence Report for the 2026 statutory audit ○ Non-Audit Services
Financial Information	<ul style="list-style-type: none"> ➤ Presentations by the Company's Finance Director: <ul style="list-style-type: none"> ○ Quarterly Business Performance ○ Closing Forecast 2026 ➤ Presentations by the Director of Internal Audit and Risk: <ul style="list-style-type: none"> ○ Quarterly Financial Reviews
Compliance and Good Governance	<ul style="list-style-type: none"> ➤ Presentations by the Business Compliance Officer: <ul style="list-style-type: none"> ○ Monitoring of 2026 Compliance Unit Activities ○ 2026 Annual Activity Plan and Budget ➤ Presentation by the UK Tax Director <ul style="list-style-type: none"> ○ Compliance with Corporate Tax Policy
Irregular and Improper Financial Conduct	<ul style="list-style-type: none"> ➤ Presentations by the Company's Legal Director <ul style="list-style-type: none"> ○ Legal Claims and Regulatory Investigations

Special Purpose Vehicles and Tax Haven Companies	<ul style="list-style-type: none"> ➤ Presentations by the Committee Secretary <ul style="list-style-type: none"> ○ Special Purpose Vehicles and Tax Haven Companies Report
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Business Separation of Activities Compliance	<ul style="list-style-type: none"> ➤ Presentations by the Business Separation Compliance Officer <ul style="list-style-type: none"> ○ Compliance Officer Report – Business Separation
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Other potential areas which may require committee attention (depending on activities in 2026) are:

- Creation of Special Purpose Vehicles (SPV) or companies domiciled in Tax Havens; and
- Consultancy Engagements with the external auditor.

6. Conclusions

By completing the following activities during 2025 the Committee ensured they continued to fulfil their formal duties:

- **Internal Audit:** Continuous monitoring of Internal Audit activities, approval of the 2026 Internal Audit Annual Plan.
- **Internal Monitoring and Risk Management Systems:** Reviewing risk reporting, noting that risk limits and indicators did not report major risk issues and that the risks identified through the key risk reporting process are the major risks faced by the business.
- **Audited Accounts:** Proposal of the terms of engagement and monitoring the independence of the external auditor in respect of the Company’s statutory accounts.
- **Economic and Financial Information:** Monitoring of financial and economic information, including changes in accounting policies and practices.
- **Compliance, Good Governance and Prevention and Correction of Fraudulent and Illegal Behaviours:** Continuous monitoring of Compliance Unit activities (including Business Separation).
- **Irregular and Improper Financial Conduct:** Monitoring claims against the Company.
- **Special Purpose Vehicles and Tax Haven Companies:** Ensuring that no issues arose under the Special Purpose Entities Procedure prior to the adoption of any decision on the creation of acquisition of holdings in special purpose vehicles as subsidiaries of the Company.