Terms of Reference of the Scottish Power Energy Networks Holdings Limited Audit and Compliance Committee

Approved by the Scottish Power Energy Networks Holdings Limited Board on

22 September 2026

CONTENTS

CHAPTER I. NATURE, PURPOSE AND APPROVAL OF THE TERMS OF REFERENCE 4

Article 1. Nature and Purpose 4

Article 2. Approval, Amendment and Priority 4

CHAPTER II. FUNCTIONS OF THE COMMITTEE 5

Article 3. Functions 5

Article 4. Scope of Functions and Information to the Board of Directors 13

Article 5. Annual Report 13

CHAPTER III. FORMATION, APPOINTMENT AND CESSATION OF MEMBERS 13

Article 6. Composition 13

Article 7. Appointment 14

Article 8. Duration 14

Article 9.- Cessation 14

Article 10. Training Programme 14

CHAPTER IV. MEETINGS OF THE COMMITTEE 14

Article 11. Sessions 14

Article 12. Meeting Calls 15

Article 13. Quorum, Attendance and Adoption of Resolutions 15

Article 14. Other Attendance at Meetings of the Committee 16

CHAPTER V. POWERS OF THE COMMITTEE, PARTICIPATION, RIGHTS TO RECEIVE INFORMATION AND DUTIES 16

Article 15. Specialist Services 16

Article 16.- Participation and Rights to Receive Information 17

Article 17. Duties of Committee Members 17

CHAPTER VI. COMPLIANCE AND INTERPRETATION 17

Article 18. Compliance 17

Article 19. Interpretation 18

CHAPTER I. NATURE, PURPOSE AND APPROVAL OF THE TERMS OF REFERENCE

Article 1. Nature and Purpose

1. In accordance with the provisions of the Articles of Association of Scottish Power Energy Networks Holdings Limited (the "**Company**"), the board of directors of the Company (the "**Board of Directors**", a director thereof being a "**Director**") has established the SP Energy Networks Audit and Compliance Committee (the "**Committee**"), a permanent internal body, having an advisory and consultative role, without executive functions, with powers of information, assessment and presentation of proposals to the Board of Directors within its scope of action, which shall be governed by the Articles of Association of the Company and these Terms of Reference of the Committee (the "**Terms of Reference**").

2. These Terms of Reference are based on the independence of the Committee and aim to develop its functions by establishing the principles of action and the internal operational regime of the Committee within the regulated business within the ScottishPower Group (being, for the purposes of these Terms of Reference, the group whose controlling entity, within the meaning established by law, is Scottish Power Limited) ("**SP Energy Networks Business**"), provided that this does not undermine the separation of activities and the protection of commercially sensitive information in accordance with the legal provisions regarding the separation of regulated activities; and provided that for the purpose of these Terms of Reference, and without prejudice to the application of any other provision made or agreed by the Board of Directors or other requirement of the Company's Governance and Sustainability System or law, SP Energy Networks Business shall not include any business carried on by North West Electricity Networks (Jersey) Limited, North West Electricity Networks (UK) Limited or their direct and indirect subsidiaries ("**ENW Business**").

3. Taking into consideration the fact that the indirect sole shareholder of the Company is the sub-holding company Scottish Power Limited, which in turn is indirectly wholly owned by Iberdrola, S.A., the listed holding company and controlling entity of the Iberdrola, S.A. group, to which the Company belongs (the "**Iberdrola Group**"), these Terms of Reference also aim to establish, as the Company is a head of business company of the Iberdrola Group and the ScottishPower Group, the framework of relationships and information exchange that is to exist between the Committee, the Scottish Power Limited Audit and Compliance Committee (the "**SPL Committee"**), and the Iberdrola, S.A. Audit and Risk Supervision Committee (the **"Iberdrola Audit and Risk Supervision Committee"**) and any committees of Scottish Power Limited and, as the case may be, of the subsidiaries of the Company, with the purpose of, without compromising its independence, enabling the proper exercise of its functions in accordance with the applicable law and provisions of the Company's Governance and Sustainability System, and safeguarding in all cases in the compliance with the regulations applicable to each company.

Article 2. Approval, Amendment and Priority

1. These Terms of Reference or any amendment of the same must be approved by way of a resolution of the Board of Directors of the Company, including upon the proposal of the chair of the Board of Directors or the Chair of the Committee.

2. These Terms of Reference further develop and supplement the provisions of the Articles of Association of the Company and the terms of reference of the Board of Directors applicable to the Committee. In the event of any conflict, the provisions of the terms of reference of the

Board of Directors shall prevail over these Terms of Reference, and in any case the Articles of Association of the Company shall prevail over the provisions of both.

CHAPTER II. FUNCTIONS OF THE COMMITTEE

Article 3. Functions

1. The Committee, shall perform its duties with full autonomy, without prejudice to the establishment of a suitable framework of cooperation with and exchange of information regarding the performance of their duties with the the SPL Committee, provided that this does not undermine the separation of activities and the protection of commercially sensitive information in accordance with the legal provisions regarding the separation of regulated activities.

2. The coordination of the relationship between the Committee and the SPL Committee shall be managed by the chairs of both committees and shall have the purpose of enabling the SPL Committee to be aware of any issues with a potential relevant influence at the level of the ScottishPower Group as covered by the Committee. Likewise, the Committee's (indirect) relationship with the Iberdrola's Audit and Risk Supervision Committee shall be performed according to the provisions of the *General Framework of Relations of Coordination and Information Among the Audit Committees of Iberdrola, S.A. and its Group* ("**General Framework**").

3. The Committee shall have the following functions to the extent applicable to the SP Energy Networks Business:

a) **Internal Audit and Risk:**

(i) To oversee the independence requirements and efficiency of the Company's Internal Audit and Risk Department, which is subordinate to the Committee, ensuring that such department has sufficient resources and that its members have suitable qualifications necessary to carry out its functions optimally.

(ii) To propose to the Board of Directors the appointment and removal of the Director of Internal Audit and Risk, which position is functionally subordinate to the Committee. In the preparation of such a proposal, the Chair of the Committee shall liaise as appropriate with the Director of Internal Audit and Risk of Scottish Power Limited reporting thereon to the Committee as required.

(iii) To supervise and guide the work of the Internal Audit and Risk Department, ensuring that it exercises its powers proactively and that its activity is primarily focussed on the significant risks of the Company and the SP Energy Networks Business (including reputational risks), receiving regular information on the activities it performs.

(iv) To evaluate the operation of the Internal Audit and Risk Department and (where applicable in relation to the Company) the performance of the Director of Internal Audit and Risk.

The evaluation shall be constructive and the conclusions of the evaluation carried out by the Committee shall be submitted to the Board of Directors so that they may be taken properly into consideration when determining remuneration. The Director of Internal Audit and Risk shall also be informed of such conclusions.

(v) To propose the budget of the Internal Audit and Risk Department teams, for its approval by the Board of Directors.

(vi) To approve the annual activities plan of the Company's Internal Audit and Risk Department, in accordance with the general plan established by the Internal Audit and Risk Department of Scottish Power Limited.

(vii) To monitor the annual activity plan to verify at least the following:

i. that significant incidents and changes that occur during the implementation thereof are reported:

ii. in relation to the internal audit functions:

a. that the conclusions reached by Internal Audit are appropriate, that the action plans contained in the various reports are being implemented as agreed and within the timetable provided, and that the Committee is timeously informed regarding the progress thereof;

b. that the members of senior management take into account the conclusions and recommendations contained in the reports of Internal Audit;

c. that any differences that may have arisen with the Company's senior management have been resolved, or otherwise have been submitted for the consideration of the Committee;

d. that the conclusions of its reports, prepared on the basis of the annual activities plan or other specific requests that may have been made or approved by the Committee, are submitted within the established periods or with the established frequency provided for. Said conclusions must include both the weaknesses or irregularities detected and the action plans for resolving them and monitoring the implementation thereof;

e. that there is sent to the Committee for acknowledgement an annual activities report that must contain at least a summary of the internal audit activities performed and reports issued during the financial year, explaining what work provided for in the annual plan has not been carried out or performed without being provided for in the initial plan, and shall include an inventory of the weaknesses, recommendations and action plans.

iii. in relation to risk functions:

a. that there is compliance with the risk strategy of the Company and the SP Energy Networks Business and that it covers the most significant risks (including reputational, corruption-related and emerging risks);

b. that the internal control and risk management systems operate effectively and properly identify, manage, mitigate and quantify the main risks (financial and non-financial) and they are maintained within pre-determined tolerance figures;

c. that taking into account the provisions of the *General Risk Control and Management Foundations of the Iberdrola Group,* there is proper coordination with other functions vested with powers regarding the management, supervision and assurance of risks and the responsibilities inherent in its role.

(viii) The Internal Audit and Risk Department shall regularly report on the implementation of the annual plan, informing the Committee of any significant incidents and changes that may arising in the course thereof.

(ix) The Committee, through its Chair, may request the presence of the Director of Internal Audit and Risk at certain parts of the Committee's meetings during which aspects related to the scope of the powers or duties thereof are discussed, all in accordance with the provisions of Article 14 below.

b) **Internal Monitoring and Risk Management Systems:**

(i) To be aware of and keep under review the Company's internal control system, internal risk monitoring and management systems and those of any of the Company's subsidiaries, ensuring that these are adequately adapted to the processes and general systems established within the Iberdrola Group.

(ii) To ensure, in accordance with the *General Risk Control and Management Foundations of the Iberdrola Group*, that the main risks of the Company and those of any of the Company's subsidiaries are identified, managed and adequately reported, identifying, on this basis, at least the different types of financial and non-financial risks (including operational, technological, cybersecurity, data protection, legal, social, environmental, political, and reputational, risks, or risks relating to corruption) which the Company and its subsidiaries may face, including amongst financial risks: contingent liabilities and other off balance-sheet risks; the setting and reviewing of risks map and the level of risk that the Company deems acceptable; the measures necessary to mitigate the impact of any risks, should any of them materialise; and the information and internal monitoring systems which will be used to monitor and manage the aforementioned risks, including the contingent liabilities or off balance-sheet risks.

(iii) To analyse, along with the auditors, the relevant weaknesses of the internal control system that may have been detected in the course of the audit of the Company, all without infringing the independence of any party. To this end, where appropriate, the Committee may submit recommendations or proposals to the Board of Directors and corresponding deadlines for their monitoring.

(iv) To promote, always within its responsibilities, a strategy in which risk is a key factor to be taken into account in all decisions and at all levels within the Company.

(v) To obtain creditable information as to whether the most significant risks are managed, controlled and maintained within the tolerance figures that have been established, and annually evaluate the list of the most significant financial and non-financial risks, as well as the various risk tolerance levels established in the risk guidelines and limits in order to, if appropriate, propose the adjustment

thereof based on the information provided by the Company's management and the Internal Audit and Risk Division.

(vi) 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, which the Chair of the Committee will make available to the chair of the SPL Committee, in accordance with the General Framework in order to allow the SPL Committee to fulfill its duties relating to the internal control of the Iberdrola Group as well as its risk management systems.

(vii) To inform the Board of Directors of the main litigation matters relating to the Company and its subsidiaries, in order to identify the direct or indirect risks and contingent liabilities arising from existing claims and procedures.

(viii) To oversee the data protection and cybersecurity activities and matters to be reported to the Committee, which shall be in turn reported to the Board of Directors as required.

c) **Audited Accounts:**

(i) To propose to the Board of Directors the appointment, and terms of engagement, of the Company's auditors, in accordance with applicable regulations. The Chair of the Committee shall make such proposal available to the chair of the SPL Committee in accordance with the General Framework.

For the avoidance of doubt, the Company's auditors referred to in these Terms of Reference are the auditors which are the principal auditors of the Scottish Power Limited Group which have been formally appointed in accordance with the relevant applicable law.

(ii) To review the contents of the auditors' reports before they are issued, in order to avoid qualifications in their preparation and assess the results of each audit, overseeing the reply of the management of the Company to their recommendations.

(iii) 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 (including whether or not their independence is compromised). This report shall take into account any additional services referred to in the following paragraph, considered individually and as a whole, and also taking into account the applicable requirements as to the independence of the auditors concerning the statutory audit. The Chair of the Committee shall make this report available to the chair of the SPL Committee in accordance with the General Framework.

(iv) To receive information about any kind of additional services other than the audit-services that the auditors may provide to the Company or to its subsidiaries. The Committee shall prepare a report for the Board of Directors and shall make it available for the chair of the SPL Committee for the purposes thereof.

(v) 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 for examination by the Committee, and regarding any other matters relating to the auditing of accounts, as well as to ensure that there are no grounds that would prohibit the auditors from acting.

(vi) In any event the Committee shall obtain from the Company's auditors, on an annual basis, a written confirmation of their independence in respect of the Company or entities directly or indirectly related thereto, as well as itemised and detailed information regarding additional services of any kind provided to the Company and such entities by the said auditors or by persons or entities related thereto, pursuant to the legislation governing the audit of financial statements.

(vii) 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, and establishing in such cases information channels between the Internal Audit and Risk Department and Scottish Power Limited's Internal Audit and Risk Department, and the Committee shall report to the Board of Directors accordingly.

(viii) To serve as a communication channel between the Board of Directors and the auditors, relaying to the Board of Directors regular information updates on the audit process and results received from the auditors.

d) **Financial Information:**

(i) To oversee the preparation and presentation process and the clarity and accuracy of the financial information (including half year information) related to the Company and its subsidiaries, and the Committee shall receive for that purpose relevant information from the Company's subsidiaries (as required). The Committee shall ensure that the interim financial information such as may be submitted to the Board of Directors maintains the same accounting standards as the annual financial reports.

(ii) 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 and the ScottishPower Group and submit proposals or recommendations to the Board of Directors, aiming to safeguard the integrity of its application. Such monitoring function of the Committee shall be carried out on an ongoing basis and subject to any specific request or direction of the Board of Directors.

(iii) To prepare a report for the Board of Directors on the annual and interim financial statements. The Chair of the Committee will make these reports available to the chair of the SPL Committee in accordance with the General Framework in order to allow the SPL Committee to supervise the process of preparation and submission and ensuring the integrity of the financial information related to the Iberdrola Group in Great Britain.

A report on the financial information for consolidation purposes shall be prepared by the Committee and submitted to the Board of Directors pursuant to the *Iberdrola Group Financial Information Preparation Policy*.

(iv) 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 and the management team's position on such adjustments.

(v) To oversee compliance with the legal requirements and the correct application of the national, generally accepted accounting principles, and those international financial reporting standards which may be applicable in relation to the Annual Report and Accounts and the Director's Report of the Company.

(vi) To inform the Board of Directors of the principles on which any transactions have been carried out between the Company and any of the other companies forming part of the Iberdrola Group, and any of the Company's subsidiaries.

e) **Non-Financial Information and Sustainable Development:**

(i) To review the non-financial information of the Company and its subsidiaries based on available sources of information insofar as such non-financial information is required, and remit such information to the Board of Directors, where required.

(ii) 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, where required.

f) **Compliance Unit:**

(i) On its own initiative or upon a proposal of the Compliance Unit, to propose to the Board of Directors the appointment of the members of the Compliance Unit, having regard to profiles that may be appropriate for the performance of the duties of the same and to the Company's activities.

(ii) To review and validate the annual budget of the Compliance Unit, prior to its submission to the Board of Directors for final approval.

(iii) To approve the annual activity plan for the Compliance Unit, and endeavour to ensure that the Compliance Unit has the necessary human and material resources available to it to perform its duties, while also ensuring its independence and effectiveness.

(iv) Each year, to issue an opinion on compliance with the annual activities plan and the performance of the Company's Compliance Unit, submitting it to the Board of Directors.

(v) 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 which are contrary to the Governance and Sustainability System or to the applicable law.

(vi) To receive information from the Compliance Unit concerning any significant matters relating to the effectiveness of the Company's Compliance System (as defined in the Terms of Reference of the Board of Directors of the Company). The Committee shall issue its opinion on the annual report of the Compliance

Unit regarding the effectiveness of the Company's Compliance System (and its subsidiaries) and submit it to the Board of Directors.

(vii) To have the Compliance Unit review the internal policies and procedures of the Company to prevent improper conduct and identify any policies or procedures that might be more effective at promoting the highest ethical standards.

(viii) To report to the Board of Directors on any proposed amendments to the Regulations of the Compliance Unit.

(ix) To, each year, 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.

(x) To review the status of the Company's compliance with laws, regulations and internal procedures and the scope and status of systems designed to promote the Company's compliance with laws, regulations and internal procedures, through review of reports from management, legal counsel and third parties as determined by the Committee.

g) **Irregular and Improper Financial Conduct:**

(i) To have direct access, in accordance with the provisions of the Regulations of the Compliance Unit, 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. To this end, the Compliance Unit shall inform the Committee of the existence of the aforementioned complaints or reports, and provide it with any documentation requested in connection to the processing of the same, as appropriate.

h) **Related Party Transactions**

(i) To report on Related Party Transactions (as defined in the Terms of Reference of the Board of Directors of Scottish Power Energy Networks Holdings Limited) such as there may be, prior to their approval by the Company's sole shareholder or Board of Directors as appropriate, and subject to any applicable provisions in the Company's Articles of Association or the Terms of Reference of the Board of Directors.

(ii) To reasonably ensure that Related Party Transactions are fair and reasonable to the Company, for which purpose the Committee may request reports from experts if deemed appropriate.

(iii) To verify, in accordance with any internal regular reporting or control procedure as may be established by the Board of Directors from time to time, where the approval of a Related Party Transaction is given without the basis of a prior report from the Committee, the fairness and transparency of that operation and, to the extent applicable, compliance with the applicable legal or regulatory criteria for disposal of such matter by delegation of the Board of Directors and without a prior report of the Committee.

(iv) To prepare, within the first six months following the relevant financial year-end of the Company, a report on the Related Party Transactions of the Company with respect to which the Committee has issued a report in respect of that financial year.

(v) To inform the sole shareholder of the Company of Related Party Transactions affecting a specific class of director.

(j) **Special Purpose Entities and Tax Haven Companies:**

(i) To inform the Board of Directors, in accordance with the *Procedure for the creation or acquisition of equity interests in special purpose entities or entities domiciled in tax havens* ("**SPE Procedure**") prior to adoption of any decision on the creation or acquisition of holdings in special purpose entities as subsidiaries (direct or indirect) of the Company or in entities domiciled in countries or territories which are considered tax havens (including in the European Union's blacklist of non-cooperative jurisdictions for tax purposes), and of other transactions similar in nature that, because of their complexity, could undermine the transparency of the activity of the Company's Group in Great Britain, and produce for the Board of Directors a report on any such proposals. The Chair of the Committee shall make this report available to the chair of the SPL Committee in accordance with the General Framework.

(ii) To produce annually, for the Board of Directors, in accordance with the SPE Procedure, a report on the monitoring of special purpose entities as subsidiaries (direct or indirect) of the Company or in entities domiciled in countries or territories which are considered tax havens and, when applicable, about their operational status. The Chair of the Committee shall make this available to the chair of the SPL Committee in accordance with the General Framework.

(k) **Business Separation of Activities Compliance:**

(i) 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.

(ii) To overview any regulated activities business separation report of the Company and its subsidiaries. To inform the Board of Directors in advance of any changes to the business separation regulatory requirements applicable to the Company and its subsidiaries.

(iii) To consider the suitability and inform the Board of Directors in advance of any proposed director appointment and removal to regulated subsidiaries of the Company in order to protect the effective independence of those regulated companies, and in accordance with the relevant appointments procedure(s) employed by the Company and its group of companies.

(l) **Tax Policy Compliance:**

(i) 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. The Chair of the Committee shall make this available to the chair of the SPL Committee in accordance with the General Framework.

(ii) To endorse, for the acknowledgement and assurance of the Board of Directors, any specific tax strategy of the Company and the ScottishPower Group, which may require to be set from time to time in the UK.

4. The Committee shall similarly assume any other functions which, as the case may be, the Articles of Association of the Company or the Board of Directors attribute to it within the SP Energy Networks Business.

Article 4. Scope of Functions and Information to the Board of Directors

1. The functions indicated in the above Article shall extend to the Company and any and all of the Company's subsidiaries within the SP Energy Networks Business, in any event without prejudice to their autonomy.

2. At the first meeting of the Board of Directors subsequent to any meeting(s) of the Committee the Chair shall inform the Board of Directors of the resolutions and significant events which occurred at the meeting(s) of the Committee.

Article 5. Annual Report

The Committee shall, within six months following the end of the year, submit to the Board of Directors for its approval an annual report of its activities, which shall include an evaluation of the adequacy of the Committee's Terms of Reference and an evaluation of the Committee's performance during the previous year. This annual report shall subsequently be made available to the chair of the SPL Committee for the purposes of its compliance activities in accordance with the General Framework, all of it fully respecting the principle of separation of activities and the protection of commercially sensitive information, according to the regulations on separation of regulated activities.

CHAPTER III. FORMATION, APPOINTMENT AND CESSATION OF MEMBERS

Article 6. Composition

1. The Committee shall be formed of at least three (3) Directors, from among which at least two (2) of them shall be external Directors (as defined in the Company's Articles of Association), provided that the external Directors shall not be outnumbered by the other Directors.

2. The Committee shall have a chair (the "**Chair**") and a secretary, with the secretary responsible for the record keeping, preservation and safekeeping of the minute books of the Committee and of the corporate documentation produced in relation to its functioning.

3. In the event of absence of the Chair at a meeting of the Committee, the role of the Chair shall be taken up by the member with the greatest seniority by length of service in office at the meeting for the purposes of that meeting only, and in the case of equal seniority by length of service in office, by mutual agreement of the members present as to which of the persons with equal seniority should take up the role.

In the event of absence of the secretary at a meeting of the Committee, the members of the Committee present shall nominate one of them to carry out his/her duties.

4. The Chair of the Committee must be appointed from among the external Directors forming part thereof and must have the required capacity and sufficient availability to provide greater dedication to the Committee than the other members thereof.

Article 7. Appointment

1. The members of the Committee, as well as the Chair, shall be appointed by the Board of Directors.

2. The Board of Directors shall endeavour to ensure that the members of the Committee as a whole, and in particular its Chair, have the necessary experience and knowledge of accounts, audit or (financial, or non-financial) risk management, which is adequate for the functions they are asked to provide, that at least one of them has experience in information technology and that, the members of the Committee have relevant expertise in financial and internal control matters, as well as in relation to the energy (or utilities) sector, all to the extent relevant. It shall not be necessary for them to be experts in these areas as such.

Article 8. Duration

1. The Directors sitting on the Committee shall exercise this office while their appointment as Directors of the Company continues in force, unless the Board of Directors agrees otherwise.

2. The Directors which make up the Committee, and which are re-elected as Directors of the Company in accordance with the Articles of Association, shall continue to carry out their positions on the Committee without the need for a new election, unless the Board of Directors agree otherwise.

Article 9.- Cessation

The members of the Committee shall cease in their positions:

(a) if/when they cease to be Directors of the Company; or

(b) by resolution of the Board of Directors.

Article 10. Training Programme

1. The Committee shall have a periodic training scheme to ensure that its members are kept up to date with developments in accounting standards, the specific regulatory framework for the Company's businesses, the processes for preparing financial and non-financial information, internal and external audit, risk management and supervision, internal control, cybersecurity and technological advances, and compliance all as relevant to the Company.

2. New members of the Committee shall be given a member´s welcome pack (which shall include any Welcome Programme published on the secure Directors' website) or induction prior to their attendance of their first meeting. Members of the Committee are required to be familiar with the contents of the welcome pack or induction provided to them, as applicable.

CHAPTER IV. MEETINGS OF THE COMMITTEE

Article 11. Sessions

1. The Committee shall meet as many times as is considered necessary in the opinion of the Chair to comply with their obligations, and at least four (4) times a year, or when half of its members so request it. The meeting schedule shall be fixed by the Committee before the beginning of each calendar year and shall include the tentative agendas and any attendance by non-Committee members that may be deemed necessary, subject, in each case, to any

amendment of the same made by Committee resolution or at the direction of the Chair ad hoc. In the case of a meeting taking place by telephonic or other electronic means, such meeting shall be called to take place at the registered address of the Company, and the meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, with the agreement of the majority of the participants, deemed to be where one of them physically then is.

2. The chair of the Board of Directors and, where appropriate, the Chief Executive Officer, may request informative meetings of or with the Committee, on an exceptional basis.

Article 12. Meeting Calls

1. The secretary of the Committee at the request of the Chair, may give notice of the calling of a meeting of the Committee by the use of any telematic or digital means and, particularly, through a secure Directors´ website, indicating the place, date and time of the meeting, as well as the agenda to be followed.

2. The calling of a meeting must be made in time to be received by the members of the Committee not later than the third day prior to the date of the meeting, unless there is a need for an urgent meeting.

3. In relation to the information made available to the Directors prior to or during the meeting, any digital tools that are necessary for the fulfilment of their duties shall be made available to the Directors, where appropriate

4. It shall not be necessary to call meetings of the Committee in advance when all the members of the Committee are present and unanimously accept holding the meeting and debating the points on the agenda.

Article 13. Quorum, Attendance and Adoption of Resolutions

1. The Committee shall be quorate when a majority of its members are present or duly represented.

2. Any member of the Committee may delegate his/her representation and vote to another member of the Committee in writing (including by electronic means), which may include specific instructions as to how to cast his/her vote, addressed to the secretary of the Committee.

3. Meetings of the Committee shall be presided over by the Chair, who will be assisted by the secretary of the Committee.

4. A meeting of the Committee may be held in several places provided that the members are connected to each other by a system that permits for discussion to take place among those participating in the proceedings, as well as for the casting of votes, all in real time, adopting, where appropriate, any procedure that ensures that those participating in the proceedings can be identified, that the confidentiality of the proceedings is preserved and that an account of the proceedings (and any decisions adopted therein) is duly taken and preserved.

5. If none of the members of the Committee make any objection, votes may be made in writing and without a Committee meeting, as permitted by the Articles of Association of the Company.

6. Resolutions shall be adopted by a majority of votes of the members of the Committee present or duly represented at the meeting. In the event of a tie, the Chair will have a casting vote.

7. The secretary of the Committee shall:

a) draw up the minutes of each meeting, which shall be approved at the end of the same meeting or at the start of the immediately subsequent meeting; and

b) make, maintain and circulate to the members of the Committee records of resolutions passed in writing.

Article 14. Other Attendance at Meetings of the Committee

1. At the request of the Chair, addressed for such purposes to the chair of the Board of Directors, any Director may be requested to attend a meeting of the Committee. The Chair may also request, through the secretary of the Committee, the attendance of any manager or employee of the Company as well as of any member of the management decision-making bodies of the companies in which the Company has an interest provided that there is no legal impediment thereto.

2. The Committee may request the presence at its meetings of both the Company's auditor as well as the auditor of any entity in which the Company has an interest, provided that there is no legal impediment thereto. Under no circumstances shall the Company's auditor attend the decision-making part of the meetings of the Committee.

3. The attendance of other managers, employees or other Directors, executive or otherwise, or third parties to the meetings of the Committee shall be only as required, and with the previous invitation of the Committee's Chair, through the secretary of the Committee, and each such attendance shall be limited to those items on the agenda for which the attendee has been called and the attendee shall not attend the decision-making part of the meetings of the Committee.

4. Without prejudice to the proper functioning of the Committee, the Chair shall endeavour to minimise the number of annual appearances at the Committee by the same guest, to the extent appropriate.

5. The Chair may, if they deem it appropriate, authorise the remote attendance of guests using the communication systems described in Article 13.4 above.

CHAPTER V. POWERS OF THE COMMITTEE, PARTICIPATION, RIGHTS TO RECEIVE INFORMATION AND DUTIES

Article 15. Specialist Services

1. The Committee shall have free access, through the secretary of the Board of Directors, to any type of information or documentation held by the Company relating to matters within the Committee's competence and which it considers necessary for the fulfilment of its functions, without prejudice to the limitations arising from the legal provisions regarding the separation of regulated activities in Great Britain.

2. Likewise, the Committee may, at the Company's expense, seek cooperation or advice from outside professionals, which, once approved, shall be reported to the secretary of the Board of Directors. The Committee shall take reasonable steps to ensure the independence of such advisor and shall ensure that potential conflicts of interest do not prejudice the independence of the outside advice received. Outside professionals must address their reports directly to the Chair of the Committee. The rules set out in Article 14 above shall apply to the attendance of outside professionals at meetings of the Committee, to the extent applicable.

3. Likewise, the Committee may, at the Company's expense, seek the collaboration or advice of external professionals, who shall submit their reports directly to the Chair of the Committee, who may attend the meetings of the Committee, as well as the meetings of the Board of Directors when required, and who may speak at the meetings but may not vote. In that case, the Committee shall take any such action to ensure that any conflict of interest which may arise does not undermine the independence of the external advice received.

4. Employment of such specialists shall be made in accordance with any relevant provision of the Articles of Association of the Company, the Governance and Sustainability System of the Company and any other applicable rule or regulation.

Article 16.- Participation and Rights to Receive Information

1. The Chair of the Committee may take any action to ensure that each member may participate in the deliberations of the Committee free from any internal or third-party pressure (perceived or otherwise), and to encourage constructive, critical, diverse and free dialogue between members, in order to support the activities of the Committee.

2. The Chair of the Committee, by way of the secretary of the Committee as required, shall provide all required information and documentation to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse such information in advance and prepare for the meeting.

Article 17. Duties of Committee Members

1. Without prejudice to their duties as Directors under UK law (as applicable), Committee members must act with independence with respect to the rest of the Iberdrola Group and perform their work with the utmost diligence and professional competence. In particular, the members shall sufficiently analyse and evaluate all required information and documentation in advance of each meeting of the Committee.

2. The members of the Committee shall comply with the provisions of these Terms of Reference and applicable law in the exercise of their powers. The members of the Committee shall, in reviewing and investigating business conclusions reached by the executive Directors and members of senior management of the Company, take into account all factors and circumstances made available to them such as they shall deem relevant. Without prejudice to the foregoing, the members of the Committee shall endeavour to act together to deliver a consistent position of the Committee as a whole in its final representations to the Board of Directors.

3. Committee members are subject to all the fiduciary duties of a director including under the Companies Act 2006.

CHAPTER VI. COMPLIANCE AND INTERPRETATION

Article 18. Compliance

1. The members of the Committee, as well as the other Directors affected, have the obligation to be aware of and comply with these Terms of Reference, for which purpose the secretary of the Board of Directors shall provide all of them with a copy.

2. Additionally, the Committee shall have the obligation to oversee compliance with these Terms of Reference, adopting any measures necessary for such purpose.

3. If the Board of Directors so directs, an annual evaluation of the Committee for a given financial year shall be undertaken in order to strengthen the operation thereof.

Article 19. Interpretation

1. These Terms of Reference shall be interpreted in accordance with the law, the Articles of Association and the Governance and Sustainability System.

2. Any doubts or discrepancies as regards the interpretation of these Terms of Reference shall be resolved by an absolute majority of the votes of the members of the Committee, and in the absence of such majority, by the Chair, to be assisted by any persons the Board of Directors may appoint for this purpose. The interpretation and resolution of any doubts or discrepancies which may arise must be reported to the Board of Directors.

3. In the absence of any specific regulations, the provisions of the Articles of Association of the Company relating to the operation of the Board of Directors, provided they are not incompatible with its nature and function, shall be applicable to the Committee.

4. In these Terms of Reference the term “Group” shall mean a group as defined in section 1261 of the Companies Act 2006.