

SCOTTISHPOWER SUSTAINABLE DEVELOPMENT POLICY

6 May 2025

The Board of Directors of Scottish Power Limited (the “**Company**”) has the power to design, assess and continuously revise the Company’s Governance and Sustainability System, and specifically to approve and update policies, which contain the guidelines governing the conduct of the Company, and furthermore, to the extent applicable, inform the policies that the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**SP Group**”), decide to approve in the exercise of their autonomy.

In exercising these powers, within the framework of legal provisions, the *Articles of Association* and the *Purpose and Values of the Iberdrola Group*, as well as the Company’s sustainable development strategy, the Board of Directors hereby approves this *ScottishPower Sustainable Development Policy* (the “**Policy**”), which respects, further develops and adapts the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* with respect to the SP Group.

1. Scope of Application

This *Policy* applies to the Company. Without prejudice to the foregoing, it includes basic principles that, in the area of respect for human rights, complement those contained in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and, to this extent, must inform the conduct and standards-setting implemented by the other companies of the SP Group in this area in the exercise of their powers and in accordance with their autonomy.

To the extent applicable, these Principles must also inform the conduct of the foundations linked to the SP Group.

For companies that do not form part of the SP Group but in which the Company holds an interest, as well as for joint ventures, temporary joint ventures (*uniones temporales de empresa*) and other entities in which it assumes management, the Company shall also promote the alignment of its regulations with the sustainable development strategy and with the basic principles regarding sustainability contained in this *Policy*.

2. Purpose

The purpose of this *Policy* is to structure the foundations that must govern the Company’s sustainable development strategy to encourage all the corporate activities and businesses of the SP Group’s companies to be carried out while fostering the sustainable creation of value for the shareholders and taking into account the other Stakeholders related to their

business activities and institutional realities, equitably compensating all groups that contribute to the success of their respective business enterprises, and promoting the values of sustainability, integration and dynamism.

The principles and foundations set forth in this *Policy* are further developed and specified for the Company in terms of its impacts on its Stakeholders, as well as in specific policies that make up its Governance and Sustainability System and address certain needs and expectations thereof.

3. Sustainable Development Strategy

The fulfilment of the corporate interest, as defined in the *Introduction* to the Company's Governance and Sustainability System, requires a focus on the creation of comprehensive (economic, environmental, social and governance) and sustainable value through the performance of the activities included in the corporate object.

The Company's Board of Directors has further developed this strategy, focused on the sustainable creation of value, providing a quality service through the supply of electricity from renewable, environmentally-friendly sources, staying alert to the opportunities offered by the knowledge economy and encouraging the supply of accessible, efficient, competitive and clean energy, as well as promoting environmental performance.

In this regard, the Company drives real and global energy electrification through the development of sustainable energy generated from renewable sources, working together with Iberdrola's people, communities, supply chain and customers in line with the provisions of the Governance and Sustainability System and specifically the *ScottishPower Policy on Respect for Human Rights* and the due diligence systems in that area.

For the stated purposes, the Company innovates, makes new investments and promotes more efficient, sustainable and clean technologies, fosters growth and develops talent and the technical and human capacities of its professionals, works for the safety of people and the supply of energy, and labours to build a successful business enterprise together with all of the participants in its value chain, sharing the achievements with its Stakeholders.

3.1 Objectives of the sustainable development strategy

The sustainable development strategy particularly endeavours to ensure the achievement of the following objectives:

- a) Promote compliance with the purpose, i.e. *to continue building together each day a healthier, more accessible energy model, based on electricity*, and promote the three corporate values, i.e. sustainable energy, integrating force and driving force.

- b) Cause its Stakeholders to participate in the success of the Company's business enterprise, through the social dividend generated.
- c) Favour the achievement of strategic goals at the SP Group level in order to offer a safe, reliable and high-quality supply of energy that is respectful of the environment.
- d) Improve the competitiveness at the SP Group level through the assumption of management practices based on innovation.
- e) Promote information and communication in the various communities in which the companies of the SP Group do business, taking into account the particularities of the various groups that are present, so that they are thought of as an ideal place for the development of professional relationships based on a sense of belonging, equal opportunities and non-discrimination, productivity, profitability, efficiency and sustainability.
- f) Responsibly manage the risks and opportunities deriving from changes in the surroundings, and maximise the positive impacts of their activities in the various territories in which the companies of the SP Group operate and avoid and minimise the negative impacts, to the extent possible, avoiding short-term approaches or those that do not sufficiently take into account the interests of its respective Stakeholders, as well as implementing remedial measures.
- g) Encourage a culture of ethical behaviour that increases business transparency in order to generate credibility and trust within the respective Stakeholders and in the various communities in which the SP Group's companies do business.
- h) Promote relationships based on trust with the Stakeholders, providing a balanced and inclusive response to all of them, particularly emphasising the involvement of local communities to glean their viewpoints and expectations regarding significant potential issues, and thus be able to take them into consideration, on the one hand, and to understand and manage the impacts that the activities of the SP Group's companies have on their respective Stakeholders, on the other; and
- i) Contribute to the recognition of the SP Group's companies and the improvement of their reputation.

3.2 Implementation and supervision of the Iberdrola Group-level sustainable development strategy

The implementation and supervision of the Iberdrola Group-level sustainable development strategy is the responsibility of the various companies of the Iberdrola Group, including the Company, in accordance with their corporate and governance structure defined in the *Foundations for the Definition and Coordination of the Iberdrola*

Group and in the other rules of their respective governance and sustainability systems, and it is particularly put into practice through committees that assume responsibility in the area of sustainable development and reputation, while respecting the principles of subsidiarity and decentralised management.

Specifically, the Company's Sustainability Committee has an advisory, informative and co-ordinating role regarding: the SP Group's compliance with the sustainable policies and guidelines adopted by the Company; the SP Group's strategy and reporting among the companies of the SP Group in relation to sustainable development; and responses of the SP Group to any requests of the Corporate Sustainable Development Committee of Iberdrola, S.A.

4. Social Dividend

The Company is an international leader and is the first integrated energy utility in the UK to have 100% of its generation of electricity derived from renewable energy sources.

It contributes, to the benefit of all its Stakeholders, with the social dividend generated through its activities, including its tax contribution, and with the development of its corporate object in accordance with the principles set forth in its transparency and good governance, human and social capital, natural capital, sustainable value chain, risk, corporate control and compliance policies, to the stimulation of society, both from an economic viewpoint as well as from different perspectives: business ethics, promotion of equality of opportunity, respect for human rights, protection of vulnerable groups, encouragement of innovation and efficiency, caring for and protecting nature, universal access to energy supply and water, climate action and the generation of high-quality employment based on merit and equal opportunity, the recruitment of talent, and a sense of belonging, among other measures of well-being. Through all of the above, it favours a more resilient economic system, based on locally sourced, secure, competitive and clean renewable electricity.

The SP Group's companies generate their social dividend by carrying out their respective business activities, which are the main source for the creation of value for their Stakeholders, prioritising cleaner, more autonomous and safer energy and promoting measures to protect vulnerable groups, with specific partnerships, sponsorships and activities focusing on social content, either directly or in collaboration with the ScottishPower Foundation, and generally with a global institutional strategy linked to business ethics, open to their Stakeholders, favouring the engagement thereof as well as the design and regular execution of plans for raising awareness regarding various issues that promote sustainable development.

The measurement of the social dividend encompasses the principal positive direct, indirect and induced impacts, both present and future, generated by the activities of the SP Group's companies, consistent with their link to the long-term creation of shared sustainable value for their shareholders and taking into account their other Stakeholders.

5. Main Principles of Conduct with respect to the Creation of Shared Sustainable Value

Set forth below is a description of the main principles of conduct followed by the Company in the implementation of its activities, with respect to various aspects of sustainable development common to all of its Stakeholders, and which represent its link to the social dividend generated.

The principles of conduct that the Company adopts and promotes in relation to the creation of shared sustainable value are summarised as follows:

- a) Develop a business model based on environmental, social and economically sustainable guidelines.
- b) Establish instruments to strengthen the competitiveness of the energy products supplied, through efficiency in energy generation, storage, transmission, distribution and sale processes, and pay special attention to the excellent management of processes and resources.
- c) Implement measures tending to attain a high quality of service and the safe and reliable supply of energy products.
- d) Promote the reduction of the environmental impact of all of its activities, striving to promote a rational and sustainable use of water, confront climate change through the development of clean energy, prevent or if applicable minimise impacts on biodiversity, polluting emissions and the effects thereof, as well as improve the circularity of its activities and those of its suppliers.
- e) Advance the responsible use of energy and the sustainable use of natural resources, promoting the minimisation of impacts caused by its activities, in line with the provisions of its natural capital policies, and public awareness regarding the efficient consumption of products and services.
- f) Strengthen the social dimension of its activities and, specifically, respect for human rights, in order to, among other issues, improve the quality of life of the people in the communities in which it does business, promoting universal access to energy supply, paying special attention to customers who are economically disadvantaged or in any other situation of vulnerability.

6. Main Principles of Conduct with respect to Transparency

Transparency is one of the hallmarks of the identity of the Company and one of the fundamental goals of its communication strategy. It is fundamental to build trust and credibility in the relationships of the Company with its Stakeholders.

The Company adopts and promotes the following principles of conduct in relation to transparency:

- a) Disseminate truthful, sufficient, relevant, correct, complete, clear, reliable and useful information on its performance and significant activities.
- b) Endeavour to ensure honesty in the communication of information both within the Group's boundary and externally, and not disseminate or deliver information that is incorrect, disorganised or may be confusing for its recipients.
- c) Endeavour to ensure respect for the principle of equal treatment in the dissemination of information.
- d) Obtain information from third parties in accordance with applicable legal provisions.
- e) Promote transparency through the preparation and annual publication of the financial and non-financial information of the Company and, if applicable, that of its subsidiaries, following generally accepted methodologies for the non-financial information and submitting the information to independent external assurance.
- f) Publish the information required by applicable legal provisions other than as stated in the preceding section, or voluntarily assumed by the Company.
- g) Facilitate information regarding the taxes that it pays in the countries and territories in which it does business.
- h) Endeavour to ensure that the principles of informational transparency and collaboration inform the relationships maintained with the media.

7. Main Principles of Conduct with respect to Sustainable Event Management

The Company adopts and promotes the following principles of conduct in relation to sustainable event management:

- a) Direct its management at achieving objectives that generate positive impacts in terms of sustainability, and particularly in aspects related to human and social capital, natural capital and the sustainable value chain.
- b) Promote the engagement of its affected Stakeholders, taking into account their needs and expectations.
- c) Favour the contribution of the participants in its value chain.
- d) Foster the implementation of sustainable management systems for events where it

is advisable due to their importance and complexity, prepared taking into account these principles and those established in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*.

- e) Comply with the guidelines established in the *Iberdrola Group Events Manual* that are applicable for each event.

8. Main Principles of Conduct with respect to Corporate Volunteerism

The Company may develop corporate volunteering programmes and campaigns that promote the participation of their professionals in community service actions, the goal of which is to put into practice the provisions of the *Purpose and Values of the Iberdrola Group* and this *Policy* as regards improving the quality of life of people, looking after the environment and sustainable development, as well as universal access to energy and the elimination of hunger, including collection campaigns that seek to respond to social needs.

The Company will be guided by the following main principles of conduct in the implementation of the aforementioned campaigns and volunteering programmes:

- a) Contribute to social development and community service (solidarity).
- b) Improve the labour climate.
- c) Contribute to the ethical training of professionals, channelling their spirit of community service.
- d) Promote the values of participation, commitment, responsibility and teamwork.

9. Implementation and Monitoring

For the implementation and monitoring of the provisions of this *Policy*, the Board of Directors is assisted by the Climate Change and Sustainable Development Team of the CEO Office (or such division as assumes the powers thereof at any time), which shall further develop the procedures required for such purpose.

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This *Policy* was approved by the Board of Directors of Scottish Power Limited on 6 May 2025 and adopted by the Board of Directors of Scottish Power Energy Networks Holdings Limited on 24 June 2025.