

# ScottishPower Compliance Division

SUSTAINABLE, ETHICAL WORKING

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## REGULATIONS OF THE COMPLIANCE DIVISION OF SCOTTISH POWER LIMITED

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## **VERSION CONTROL**

Version Number	Author	Purpose / Amendments	Date
1.0	ScottishPower Compliance Division	Final approved version following review and update of content.	December 2015
1.1	ScottishPower Compliance Division	Review and update of content.	November 2021
2.0	ScottishPower Compliance Division	Final approved version following review and update of content.	December 2021



## **TITLE I. NATURE, OBJECT AND AMENDMENT**

### ***Article 1. Nature and object***

1. The Board of Directors of Scottish Power Limited (the “Company”) approves these Regulations (the “Regulations”) of the ScottishPower Compliance Division (“Compliance Division”) and any amendment of these Regulations following a report of the Committee (defined below).
2. The Compliance Division is a collective, permanent independent internal area linked to the Audit and Compliance Committee of the Company (the “Committee”), with powers including corporate compliance and the prevention and correction of illegal or unethical conduct.
3. For the purposes of the Regulations, the ‘Compliance System’ is defined as the set of substantive rules, formal procedures and material actions that aim to prevent, avoid and mitigate the risk of behaviour that goes against corporate criminal legislation or the Code of Ethics, along with any other applicable policies and procedures within the Company’s Governance and Sustainability System, as defined on the Company’s website.
4. These Regulations shall be without prejudice to the functioning of the compliance divisions of the head of business sub-holding companies of the Company’s Group such as they may be constituted as part of the Compliance System and in accordance with those businesses’ respective Governance and Sustainability Systems.

### ***Article 2. Interpretation***

1. These Regulations shall be interpreted in accordance with the Company’s Governance and Sustainability System. Save as otherwise directed by a resolution of the Committee or the Board of Directors of the Company, any question or dispute regarding the interpretation of these Regulations shall be determined by the Chief Compliance Officer.

## **TITLE II. THE DIRECTOR OF COMPLIANCE**

### ***Article 3. The Director of Compliance***

1. The head of the Compliance Division shall be its director (the “Chief Compliance Officer”), who shall have the powers necessary to carry out his/her duties.
2. The Board of Directors of the Company shall appoint and remove the Chief Compliance Officer following a report from the Committee.
3. The Chief Compliance Officer must have the appropriate knowledge, skill and experience for the duties he/she is called upon to perform.



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4. The Chief Compliance Officer shall manage the operation of the Compliance Division and its budget and shall be responsible for carrying out the corresponding measures and action plans and ensuring that the Compliance Division complies with its duties.
5. The Chief Compliance Officer shall establish the structure of the Compliance Division, based on the principles of independence and effectiveness in management with the Committee being responsible for ensuring that the Compliance Division has the necessary human and material resources to comply with its duties.
6. The Chief Compliance Officer shall direct the Office of the Compliance Division, which shall be made up of representatives of the corporate or business areas which have responsibilities for managing compliance with legislative and regulatory requirements and the application of principles of ethical and responsible behaviour, who shall be freely appointed by the Chief Compliance Officer.

### **TITLE III. DUTIES**

#### ***Article 4. Duties of Compliance Division and the Compliance Director***

1. The Compliance Division shall have the following main duties:
  - a) Promote the dissemination of, awareness of, and compliance with the Scottish Power Code of Ethics that includes the Code of Conduct and Disciplinary Rules of the Company (the “SP Code of Ethics”) and all the applicable compliance rules, standards and procedures;
  - b) Ensure the operation and effectiveness of the Compliance System across the Company and its subsidiaries;
  - c) Foster a preventive culture based on the principle of “zero tolerance” in respect of the commission of wrongful acts, criminal activities, and the application of principles of ethical and responsible behaviour by all professionals of the Company and its subsidiaries, irrespective of their level and the country where they work;
  - d) Establish and maintain relevant procedures to support the effective operation of the Compliance System in order to manage compliance risk for the Company, including through the facilitation of appropriate risk-based due diligence on third parties and the provision of advice on compliance matters to the corporate or business areas, as appropriate.
  - e) Review the effectiveness of all relevant policies and internal procedures of the Company and its subsidiaries designed to prevent inappropriate behaviours and to identify necessary amendments to such policies and procedures;
  - f) Manage and maintain the Compliance Division Mailbox and the Speaking Out service of the Company and its subsidiaries and carry out or coordinate, as applicable, the relevant investigations and processing of complaints/reports, in accordance with the Code of Ethics. For this purpose, the Compliance Division



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- will develop procedures governing the management of the Mailbox and any related investigations, giving priority to the principles of independence, confidentiality, and non-retaliation. The Compliance Division shall be primarily responsible for determining the approach to any relevant reports arising within the scope of the Code of Ethics; g) Prepare and implement (or ensure the implementation of) appropriate training and communication programs in relation to the Compliance System;
- g) Establish the tools necessary to ensure that a record is kept of the actions carried out within the Compliance System; and
- h) Report, at least once a year, on compliance with, and the effectiveness of, the Compliance System within the Company and its subsidiaries.
2. For these purposes, the Compliance Division shall be responsible for drafting, approving, updating and ensuring the application of the processes, procedures and any similar form of regulations considered necessary or appropriate for crime prevention and ethical behaviour measures in the Company and its subsidiaries.
3. Furthermore, the Chief Compliance Officer where applicable shall prepare and submit on an annual basis the Chief Compliance Officer Report on Business Separation to the Committee for its opinion and; subsequently, the Committee shall submit it for its information to the Board of Directors of the Company and the Compliance Director of Iberdrola, S.A as appropriate.
4. The Compliance Division shall also have such other powers, whether on a specific or permanent basis, that are assigned to it by the Board of Directors of the Company, or that are attributed to it in accordance with the Governance and Sustainability System of the Company.

***Article 5. Relations with the Compliance Unit of IBERDROLA, S.A. and with the Compliance Divisions of Companies of the Group Owned through the Company***

1. The Compliance Division where appropriate shall coordinate relevant compliance activities, cooperate with, and inform the Compliance Unit of IBERDROLA, S.A. (the “Iberdrola Compliance Unit”), on compliance issues in accordance with the “General Protocol for Coordination, Cooperation and provision of Information” established by the Iberdrola Compliance Unit for the coordination, cooperation, and provision of relevant information.
2. In order to ensure the effectiveness of the Compliance System, and without prejudice to the responsibilities of the management decision making bodies of the Group’s head of business companies owned through the Company, the Compliance Division shall coordinate its activities with the compliance divisions of such companies, for which purpose it shall establish the relevant coordination, collaboration and information protocol.



## **TITLE IV. RESOURCES, BUDGET, ANNUAL ACTIVITY PLAN, DUTIES AND POWERS**

### ***Article 6. Human and material resources***

1. The Compliance Division shall have access to the material and human resources necessary to perform its duties.
2. The Committee shall ensure that the Compliance Division will have the necessary material and human resources to guarantee its independence and effectiveness.

### ***Article 7. Budget***

1. Prior to the commencement of each financial year, the Compliance Division, at the proposal of the Chief Compliance Officer, shall submit to the Committee a draft budget for carrying out its activities during the upcoming financial year.
2. Once validated by the Committee, the draft budget shall be sent to the Board of Directors of the Company for final approval.

### ***Article 8. Annual activities plan***

1. Prior to the commencement of each financial year the Compliance Division, at the proposal of the Chief Compliance Officer, shall submit to the Committee, for approval, an annual activities plan for the upcoming year, in accordance with the Company's Governance and Sustainability system.

### ***Article 9. Powers and advice***

1. The Compliance Division, through the Chief Compliance Officer and provided that applicable law so allows, shall have access to all information, documents, work tools and offices of the directors and professionals of the Company and its subsidiaries, including the minutes of the management, supervisory, and control bodies, necessary for the proper performance of its duties. In this regard, all professionals and directors of such companies must provide the cooperation requested by the Compliance Division for the proper performance of its duties.
2. The Compliance Division may also seek, at the Company's expense and through the instruction of the Secretary of the Board of Directors of the Company, cooperation, or advice from outside professionals, who shall submit their reports directly to the Compliance Division.
3. To the extent possible and provided it does not affect the effectiveness of its work, the Compliance Division seeks to act transparently, informing the affected directors and professionals of the purpose and scope of its actions whenever practicable and appropriate.



**Article 10. Duties of members of the Compliance Division**

1. Members of the Compliance Division must act with independence of judgment and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.
2. Members of the Compliance Division shall not disclose any information, data, reports, or background information to which they may have access while in office, nor use any of the foregoing for their own benefit or that of third parties, without prejudice to the applicable duties of transparency and information. The duty of confidentiality of the members of the Compliance Division shall survive even after they no longer hold such position.
3. In exercising any duties under these Regulations, the Compliance Division must respect the rules and informing principles established for such purposes in the SP Code of Ethics and the Supplier's Code of Ethics. In addition, in processing and managing any investigations, the Compliance Division will have regard to any relevant procedures established for such purposes, including the Speaking Out Guidelines and Investigations manual, as agreed from time to time.

**Article 11. Protection of Personal Data**

1. The Compliance Division will respect the principles of the protection of Personal Data across all its activities and will ensure that procedures in place meet the requirements of the relevant Data Protection legislation, as well as any Company-specific requirements. Personal data will only be processed where necessary and as required for the purposes of enabling the Compliance Division to fulfil its duties.
2. The Compliance Division shall not process any communication in which the requirements in connection with the protection of personal data are not complied with, or in which it is obvious that the subject matter of the communication does not constitute a conduct that may involve the commission of an irregularity or any illegal act or act in violation of the Code of Ethics and the ScottishPower Code of Conduct, and which may have significant weight in determining whether to maintain the contractual relationship between the company in question and the professional alleged to have committed the violation.

***[These Regulations were last approved by the Scottish Power Limited Board on 9th December 2021.]***