

SCOTTISHPOWER POLICY ON MANAGEMENT AND PROTECTION OF NATURE

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*, and aware that leadership in the development of sustainable energy and respecting and protecting nature are pillars of the energy production model of the Iberdrola Group’s companies, and of the sustainable creation of value, the Board of Directors hereby approves this *Policy on Management and Protection of Nature* (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 Company.

This Policy is further developed as regards climate action and biodiversity through the *Climate Action Policy* and the *Biodiversity Policy*, respectively.

1. Scope of Application

This *Policy* applies to the Company. Without prejudice to the foregoing, it includes basic principles that, in the area of natural capital, 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 empresas*) and other entities in which it assumes management, the Company shall also promote the alignment of its regulations with the basic principles regarding natural capital contained in this *Policy*.

2. Purpose

The purpose of this *Policy* is to establish a cutting-edge framework of reference for integrating the protection of nature and the environment within the Company's strategy, investments and operations, and to define the principles of conduct for the sustainable management of natural capital, protection of the environment and promotion of environmental sustainability. For this purpose, it is based on compliance with applicable environmental regulations and includes the best practices established in this area.

The Company considers respect for the environment to be a significant element for realising its vision of building an energy model in harmony with nature and with human beings. Along these lines, the Company maintains a leading position and reaffirms its strong commitment to the development of a sustainable energy model, based on electrification through the use of renewable energy sources and smart grids, efficiency, reduction in polluting emissions and digital transformation, in which respect for and the protection of the environment are integrated into all of its activities and processes.

Through the Iberdrola Group's Business Model and supported by a practice favouring transparent information and ongoing dialogue, the Company responds not only to ever more stringent regulatory requirements in relation to the preservation of the environment, but also to the expectations of its Stakeholders and the constant scrutiny of management by analysts, assessors and various societal players.

3. Main Principles of Conduct

The Company's commitment to the protection of nature encompasses the sustainable management of natural capital, protection of the environment and the promotion of environmental sustainability.

In relation to the foregoing, the Company adopts and promotes the following main principles of conduct, which apply to all of its activities and businesses and are integrated within the internal decision-making processes:

- a) Develop a sustainable business model that is positive for nature and natural capital, integrating the protection and fostering of biodiversity and improvement of the circularity of the value chain, as well as respect for natural heritage in the strategy to reduce the environmental impact of its activities.
- b) Comply with environmental regulations and with the best practices established in this area.
- c) Assume a leadership position in the conservation and protection of nature, generating a net positive impact whenever possible in partnership with its Stakeholders.

- d) Address climate change by developing sustainable products and services from renewable energy sources, contribute to electrification, and optimise the use of energy within its value chain to the extent possible.
- e) Use natural capital sustainably, and in particular:
 - (i) make rational and sustainable use of water, applying a hierarchy of use that prioritises reduction of use and reuse of water, managing the risks relating to water scarcity and endeavouring to ensure that water used is returned to the environment in the desired condition, preventing and reducing the pollution of aquatic ecosystems within its value chain;
 - (ii) consider problems related to water and the conservation of marine resources in the design of products and services;
 - (iii) prevent and mitigate negative incidents related to the pollution of water by effluents or other sources, contamination of soil and air and noise emissions along the value chain, establishing the necessary control mechanisms to manage the effect thereof on people and the environment;
 - (iv) encourage improvement of the circularity of its activities and those of its value chain, through the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of its infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials; and
 - (v) promote the responsible use of energy, supporting energy saving and efficiency measures and contributing to sustainable development through public awareness campaigns encouraging the efficient consumption of its products and services.
- f) Promote and supervise the establishment of coordinated environmental management system mechanisms, as well as processes to identify, quantify and assess the natural capital-related impacts, dependencies, risks and opportunities of the Company's activities and its value chain (including the due diligence phase), continuously and during the life cycle of the facilities, considering the perspectives of its Stakeholders.
- g) Encourage the engagement of its Stakeholders in its business enterprise pursuant to the provisions of the *Stakeholder Engagement Policy*, which contemplates, among other things, the sustainable creation of shared long-term value for all of them.
- h) Raise awareness, train and involve its professionals, as well as the members of the supply chain and its other Stakeholders, in the principles of this *Policy*.

- i) Report transparently on environmental aspects, as well as environmental impacts, results and activities.
- j) Continue to develop due diligence processes for natural capital-related incident, risk and opportunity management systems, following the mitigation and conservation hierarchy (avoid, minimise, restore and, as a last resort, compensate).
- k) Continue to identify actions and opportunities to address the impacts and risks related to natural capital in its direct activities and promote the identification thereof in the value chain, in collaboration with its Stakeholders, through the implementation of the corresponding due diligence system and taking into account that current value chains are configured globally and that not all their links have sufficient traceability mechanisms.

4. Priority Lines of Action

To achieve its commitment to promote environmental sustainability and respect for nature, the Company defines the following three priority lines of action, which shall apply the main principles of conduct set out in this *Policy* and in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*: (i) climate action; (ii) protection of biodiversity; and (iii) circular economy.

5. 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 coordinate with the corresponding divisions of Iberdrola S.A.

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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 Retail Holdings Limited on 25 June 2025.