

**Statement of compliance with Section 42(C) of the Electricity Act 1989
(as amended by Section 61 of the Utilities Act 2000).**

1. As an electricity distribution network, Electricity North West Limited (“the Company” or “ENWL”) holds a licence in order to carry on activities subject to price regulation. Section 42(c) of the Electricity Act 1989 applies to any company which is authorised by a licence to carry on activities subject to price regulation. In order to comply with this, ENWL is required to disclose the level of remuneration linked to levels of performance with respect to service standards in connection with activities subject to price regulation that has been paid, or is due to be paid, to the Company directors for the year ended 31 March 2025.
2. Service standards are standards which relate to the quality of service received by customers or potential customers of the Company.
3. ENWL’s annual report and consolidated financial statements contain a corporate governance report which complies with the requirements of a quoted company as per the UK Corporate Governance Code issued by the Financial Conduct Authority. This includes the Company’s remuneration policy and details the level and structure of directors’ remuneration.
4. For the year ended 31 March 2025 levels of remuneration were reviewed and approved by a Remuneration Committee of the Board in order to attract, retain and motivate directors of sufficient quality to deliver the objectives of ENWL. Following the acquisition of 88% of ENWL ultimate holding company by Iberdrola S.A the Board and committees were restructured during March 2025 and the Board now discharge the responsibility of reviewing and approving levels of remuneration.
5. Performance-related elements of remuneration formed a significant portion of the total remuneration package for the executive directors of the company for the year ended 31 March 2025; these are linked to both corporate and individual performance objectives. Remuneration has been paid to the executive directors as a result of arrangements linking their remuneration to levels of performance in respect of service standards and activities subject to price regulation. Fees for non-executive directors do not comprise performance related elements of remuneration.
6. The executive incentive plan (EIP) was renewed from 1 April 2023 and was in place during the year ended March 2025 to reward both in-year performance and incentivise strategic and innovative behaviours over the longer term, aligned to shareholder objectives, including customer performance. The EIP was based on a balanced scorecard approach, containing short term metrics to evaluate in-year performance and longer-term measures to promote a strategic focus and sustainable performance. A single reputational gateway was in place to express clearly that should a significantly reputationally damaging event take place there is clear discretion for the Remuneration Committee to not make any bonus awards or to make awards on a reduced level of bonus.

7. The acquisition of ENWL's ultimate holding company by Iberdola S.A. in October 2024 and CMA clearance triggered the closure of the EIP in the year in line with the rules of the scheme and therefore a 100% award and payout was made to all participants in respect of performance for the year ended 31 March 2025. The closure of the scheme also triggered payment of all bonus that was accrued in the scheme in relation to performance in the prior year.
8. The element of the executive directors' EIP balanced scorecard applicable to Section 42(c) are those based on "customer service" (which is driven by performance against the regulatory incentives: customer satisfaction, customer minutes lost, customer interruptions, connections time to quote, time to connect, dig, fix and go, vulnerability, complaints, major connections and DSO).
9. These incentives are assessed through performance against pre-determined internal targets which support industry benchmarks. The measures the Company uses are aligned to the regulatory incentives and therefore the data is monitored and reviewed by internal auditors and is submitted for assessment to the regulator (Ofgem) which provides confirmation of the reliability of the data. This year performance was very good against all incentive measures but 100% performance was paid out on all EIP metrics due to the acquisition which triggered the closure of the scheme.
10. The maximum in-year award relating to the customer service element is 15% of the total EIP award for the year ended 31 March 2025 and therefore 15% was paid out as required by the rules of the scheme due to the acquisition.
11. The total payment earned by executive directors of ENWL in respect of service standards during the year ended 31 March 2025 which equated to the 15% award was £267,923 which has all been paid.
12. A new executive bonus scheme is currently under review and will be put in place later this year after review and approval by the Board.