

Driving Ideas of the Governance and Sustainability System

Leadership in sustainability, corporate governance and transparency and an ethics-based culture are hallmarks of the identity of North West Electricity Networks (UK) Limited (the “Company”).

The Company’s Board of Directors therefore regularly reviews the Governance and Sustainability System, keeping it updated and including therein the good governance recommendations and best practices generally accepted in international markets.

In order to facilitate the dissemination of the content thereof and to assist in searching by subject matter, symbols are included together with each rule or policy that identify the main “driving ideas” contained therein:



Sustainable creation of long-term value and efficiency

The sustainable creation of long-term value governs the Company’s actions, reflecting its aspiration to contribute to the implementation of a value chain that is respectful of the environment, transparent and ethical within the framework of a culture of excellence, and permits even-handed remuneration of the groups contributing to the success of its business enterprise. In this way, the sustainable creation of long-term value drives the social dividend that the Company shares with its Stakeholders, consistently with its institutional nature and in accordance with its purpose and values, as well as with its commitment to efficiency.

In terms of safety, security and operational resilience, the Company establishes rules and develops instruments that enable it to achieve a position of leadership in innovation, transformation and the responsible use of artificial intelligence in the energy sector, strengthening its competitiveness and development in the markets in which it operates.

Legality, legal certainty and compliance

In line with its nature as a comprehensive enterprise, the Company articulates its regulatory system, its internal organisation and its external nature (including relations with its Stakeholders) in accordance with the basic rules that characterise the Rule of Law, linked to the principles of legality and legal certainty, for the performance of its activities.

The Company promotes a preventive culture based on the principle of “zero tolerance” towards improper conduct and acts that are illegal or contrary to law or the Governance and Sustainability System, as well as the application of ethical principles and principles of responsible behaviour that should govern the conduct of all members of its management decision-making bodies, professionals and suppliers. This culture inspires its effective, autonomous, independent and robust Compliance System, which is under continuous review in order to adopt practices and trends in accordance with the highest international good governance standards and regulatory requirements in this area.

Permanent engagement of and active listening to Stakeholders

The Company is committed to interaction with its various Stakeholders and to actively listening to them in order to encourage their engagement in corporate life, maintaining a direct, fluid, transparent, constructive, diverse, inclusive and intercultural dialogue.

Decentralised structure

The corporate and governance structure and Business Model of the Iberdrola Group are based on a recognition of its multinational and multi-corporate character, which is diversified, organised efficiently and coordinated around Iberdrola, S.A., the country subholding companies (including the Company) and the head of business or country companies. All of them are subject to basic common guidelines and the principle of subsidiarity, which seeks a balance between decentralised management and the exploitation of the synergies that arise from belonging to the Iberdrola Group, allowing for the separation of the duties of strategic definition, organisation, coordination and supervision and the day-to-day and effective management of the businesses.

Human and social capital

The sustainable strengthening and management of human capital is part of the Company’s sustainability strategy. This responds to inescapable social challenges, objectives and goals, such as respect for human rights, the development of professional relationships based on equal opportunity and non-discrimination, the prevention of harassment and the firm intention to combat it, promotion of talent, merit and skill, appropriate knowledge management, professional development, and the balance between personal and professional life.

Electrification of the energy model

The Company will continue to develop a leading position in contributing to the achievement of a real and global energy electrification that achieves the development of industry and the economy through the development of sustainable energy generated from renewable sources and network infrastructures, progressive traction on its respective value chains, the improvement of the circularity of its activity and the reduction of polluting emissions, gradually introducing in its facilities the most efficient and least carbon-intensive technologies in order to promote self-sufficiency and competitiveness. It will also seek to integrate climate action into its internal strategic planning and decision-

making processes and to promote the reaction against climate change and the protection of the environment and biodiversity.

Comprehensive risk management

The Company has a comprehensive risk management system that allows it to proactively identify both potential threats and vulnerabilities that could compromise its operations and security as well as anticipating and taking advantage of opportunities for sustainable growth. The comprehensive risk management system also manages and mitigates the risks associated with such hazards, thereby strengthening the Company's Governance and Sustainability System and the Operational Resiliency Model.