

CIRCULAR ECONOMY POLICY

8 July 2026

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 of its commitment to the environment generally and particularly to the sustainability of natural capital, the Board of Directors hereby approves this *Circular Economy 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 Company.

The Company is aware of the need to continue moving towards a model that promotes the circular economy and recognises that it constitutes one of the pillars of its environmental and sustainable value creation strategy.

1. Scope of Application

This *Policy* applies to the Company. Without prejudice to the foregoing, it includes basic principles that, in the area of circular economy, 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 circular economy contained in this *Policy*.

2. Purpose

The purpose of this *Policy* is to establish the principles and priority lines of action regarding circular economy as part of the Company's strategy and business model, as well as to promote the improved circularity of its activity and of its value chain.

3. Main Principles of Conduct

The Company aspires to improve the circularity of its activity and that of its value chain to minimise the depletion of resources and detach economic growth from the consumption of virgin raw materials, following the general principles that underpin the circular economy, i.e.: (i) eliminating waste and pollution through the design of products and processes; (ii) maintaining products, components and materials at their highest value and utility for as long as possible; and (iii) regenerating natural systems, promoting models of sustainable circularity from the environmental, technical and economic perspective through all of the foregoing.

In relation to the foregoing, the Company adopts and promotes the following main principles of conduct:

- a) Drive efficiency in its activities and processes, as well as in those of its customers and suppliers, through the electrification of the economy and maximisation of the useful life of its assets and products.
- b) Encourage improvement of the circularity of its activities and those of its value chain, through innovation, the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of its assets and infrastructures, as well as the optimisation of waste management and the use of recycled materials.
- c) Prioritise the use of secondary raw materials in its assets, sites, products and services, as well as the improvement of the reusability, recyclability, durability and adaptability thereof, without compromising the security or functionality thereof.
- d) Apply a circular hierarchy in the activities it promotes, with the following order of priority: (i) rejection of any superfluous activity or use of materials, beginning at the design stage; (ii) reduction of consumption; (iii) maximisation of usable lifespan and fostering of reuse; and (iv) recycling of equipment and materials, avoiding waste to energy recovery wherever feasible and leaving disposal as the last resort.

This hierarchy of waste can be implemented, in particular, through the creation of ambitious asset management plans that cover the entire life cycle of assets, prioritise circularity and avoid downcycling to the extent possible.

- e) Promote the responsible use of energy, supporting energy saving and efficiency measures and contributing to sustainable development through awareness campaigns that promote the efficient and responsible use of the Company's products and services.
- f) Cooperate with its suppliers and other agents in the value chain to drive the principles of circularity in the products and services that the Company acquires.
- g) Promote digitalisation and access to relevant information on the circularity of the products acquired by the Company to develop better management processes and appropriate improvement strategies.
- h) Apply the water management hierarchy (promoting the elimination or reduction of consumption, reuse and recycling, and prioritising the use of non-freshwater sources), as well as managing the risks relating to its scarcity (endeavouring to ensure that water used is returned to the environment in the desired condition, preventing and reducing the pollution of aquatic ecosystems within the Company's value chain and taking into account the challenges relating to water and the conservation of water resources in the design of products and services).
- i) Conserve and regenerate ecosystems in accordance with the provisions of the *ScottishPower Biodiversity Policy*.
- j) Promote synergies and the contribution to the fight against climate change and to the energy transition in accordance with the provisions of the *ScottishPower Climate Action Policy*.
- k) Integrate the circular economy within relevant environmental management systems, along with climate action and biodiversity, in order to evaluate, analyse, manage and reduce risks regarding natural capital, as well as to improve the management of resources and optimise investments and costs.
- l) Raise awareness, train and involve its professionals, as well as the members of its supply chain and other Stakeholders, in the principles of this *Policy*.
- m) Promote the application of traceability mechanisms and systems for the certification of compliance with circularity criteria or standards regarding the products, components and raw materials supplied to the Company.
- n) Continue to develop due diligence processes for circularity-related incident, risk and opportunity management systems, as well as identify actions and promote collaboration with its Stakeholders, taking into account that current value chains are configured globally and that not all their links have sufficient traceability mechanisms.

- o) Transparently report on the activities of the Company and, if applicable, those of the companies of the SP Group as a whole, regarding the circular economy.

4. Priority Lines of Action

The Company establishes the following three priority lines of action to foster the circularity of its activities and that of its value chain, 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) driving the continuous improvement of its supply chain; (ii) improving the circular performance of internal processes; and (iii) offering products and services to improve the circularity performance of its customers.

5. Group-level Coordination

The Climate Change and Sustainable Development Team of the CEO Office (or such division as assumes the powers thereof at any time) shall coordinate with the Technology Division of Iberdrola, S.A. (or such division as assumes the powers thereof at any time) on the integration of the circular economy within the Iberdrola Group-level strategy.

6. 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), through the Sustainability and Reputation Committee.

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This *Policy* was approved by the Board of Directors of Scottish Power Limited on 8 July 2026 and adopted by the Board of Directors of North West Electricity Networks (UK) Limited on 23 September 2026.