



SCOTTISHPOWER

Action 2030:

Powering a sustainable future

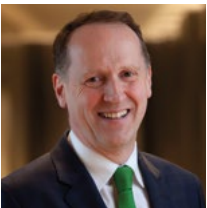
Foreword

We are living through a great acceleration. A dramatic surge in growth in human activity, a transformation so powerful it has placed the world in a new geological time period- the Anthropocene.

The evidence for this is all around us, most obviously in the mass extinction of the natural world and soaring global temperatures. This fracturing of our environment, of our one home, impacts on our societies and our economic capacity to respond and offer everyone access to the essential social foundation they need. There has not been a more urgent time for us all to respond, to align our purpose with building a better future for all.

As part of the global Iberdrola group, ScottishPower has matched its purpose to the UN Sustainable Development Goals (SDGs) and embedded them throughout our business strategy. As a clean, renewable energy utility serving millions of customers across the UK, employing thousands of staff and investing billions of pounds in the UK economy, we recognise the responsibility to use every opportunity we can to contribute to the global effort to meet the UN SDGs.

This Sustainable Development Strategy sets out our ambition to deliver impact across the UN SDGs. It reflects the potential contribution of everyone at ScottishPower to make a positive impact, highlights the vital role of our partners and is an invitation for others to join us and help build a **better future quicker**.



Keith Anderson
Chief Executive, ScottishPower



Who we are and what we do

ScottishPower is the first integrated energy firm generating 100% renewable energy. With over 3 gigawatts (GW) of generating capacity, approximately 4.8 million customers and plans to invest over £6.7 billion across the UK between 2023 and 2025.

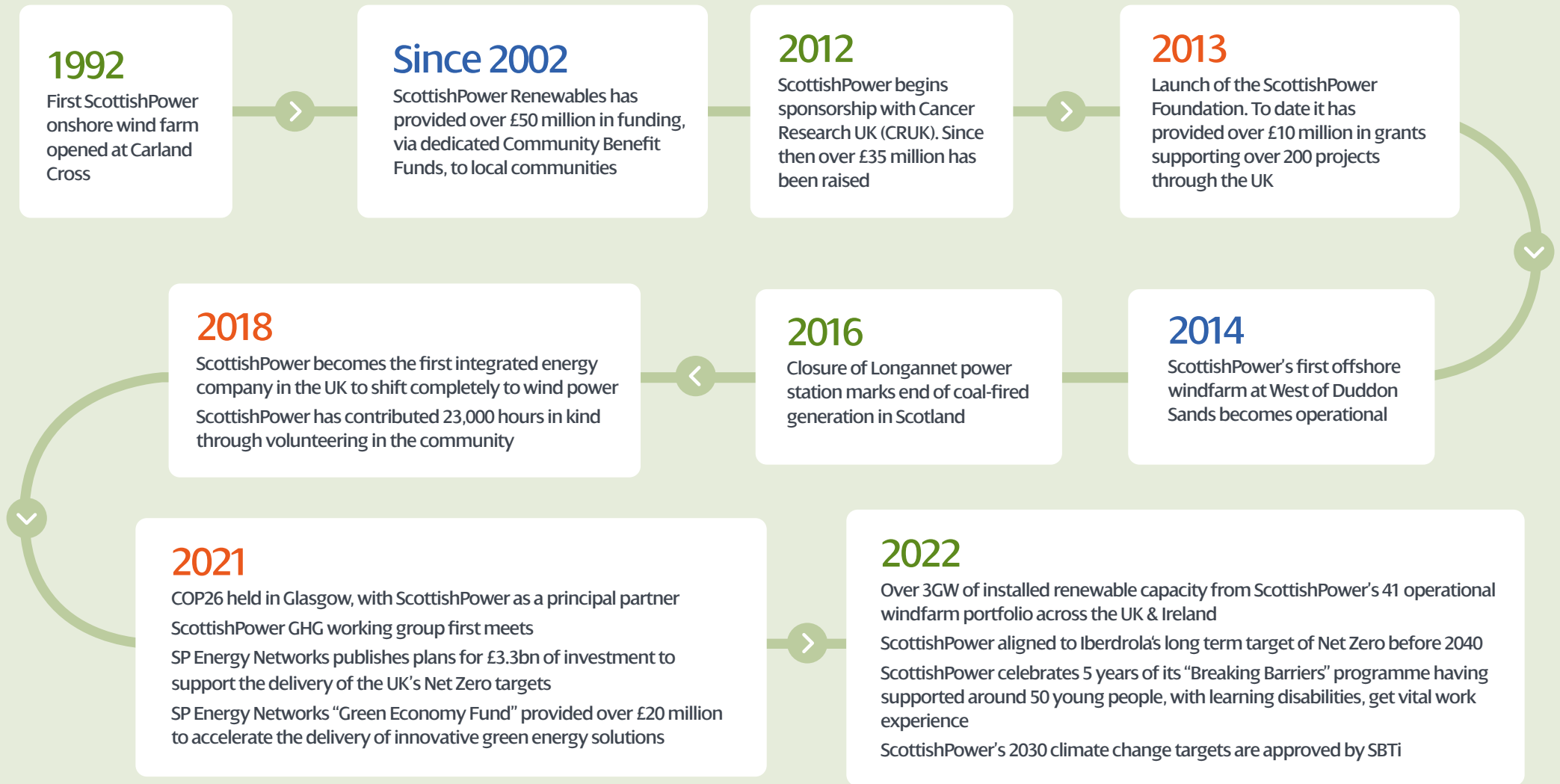
We are an ambitious partner in the UK's collective efforts to tackle climate change, drive down costs for consumers and improve security of supply. But we are so much more than that. We employ over 5,000 people and are currently on our largest ever recruitment drive in green jobs, with at least 1,000 jobs to be filled by the end of 2023. Our community investment contribution totalled £12.7 million in 2022 and our total community benefit funds for our windfarm sites will contribute over £100 million over the operational lifetime of our current portfolio.

We awarded contracts across our supply chain totalling over £1.2 billion in 2022, over 80% of which comes from suppliers registered in the UK. Based on the ISO20400-aligned supplier evaluation model of the Iberdrola group, over 90% of the amount awarded was assigned to suppliers classified as sustainable.

ScottishPower has a long history of delivering actions that contribute to the UN Sustainable Development Goals. From the closure of our coal power plants and becoming the first 100% renewable integrated energy utility to our partnerships with Cancer Research UK (CRUK), WWF, Enable Scotland and many more, we are delivering for a sustainable future.



Who we are and what we do



Purpose

As a global community we know that the world faces a climate crisis and a nature emergency. We know we have broken through the world's environmental limits while failing to secure a social foundation for all. We know we all must respond if we are to prevent accelerating, devastating impacts. We know what we need to do, and we know we must all act now.

ScottishPower is committed to playing its full part in this common effort. This strategy builds on Iberdrola's strong commitment to sustainable development and the Group's alignment with the UN SDGs. It aims to ensure ScottishPower acts as a driver for social and environmental change within its own operations, through its value chain, across the power sector and for society.

As part of the global Iberdrola Group, ScottishPower has one purpose; to continue building together each day a healthier, more accessible energy model, based on electricity.

We recognise that our shared success in achieving this purpose is built on a foundation of a healthy environment and a thriving, equitable and just society. The environment is the operating context for all we do, the ultimate determiner of our success.

The 'SDG wedding cake' graphic is a clear depiction of these relationships and describes how economies and societies should be seen as embedded parts of the biosphere. This important framing helps to move away from a system of trade-offs that threaten to unpick the healthy environment we need to build a strong, resilient society and economy.



SDG Wedding Cake, developed by the Stockholm Resilience Centre

What is sustainable development?

Sustainable development means **making decisions now that meet the needs of the present without compromising the ability of future generations to meet their own needs**. At its heart is an understanding of the importance of living within environmental limits. But it is also more than this, it means meeting the needs of all people and ensuring a strong, healthy and just society. Luckily the world has agreed how to do this, not just countries but 1000s of businesses too. The United Nations SDGs provide us with the priorities we need to focus on. The SDGs are a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

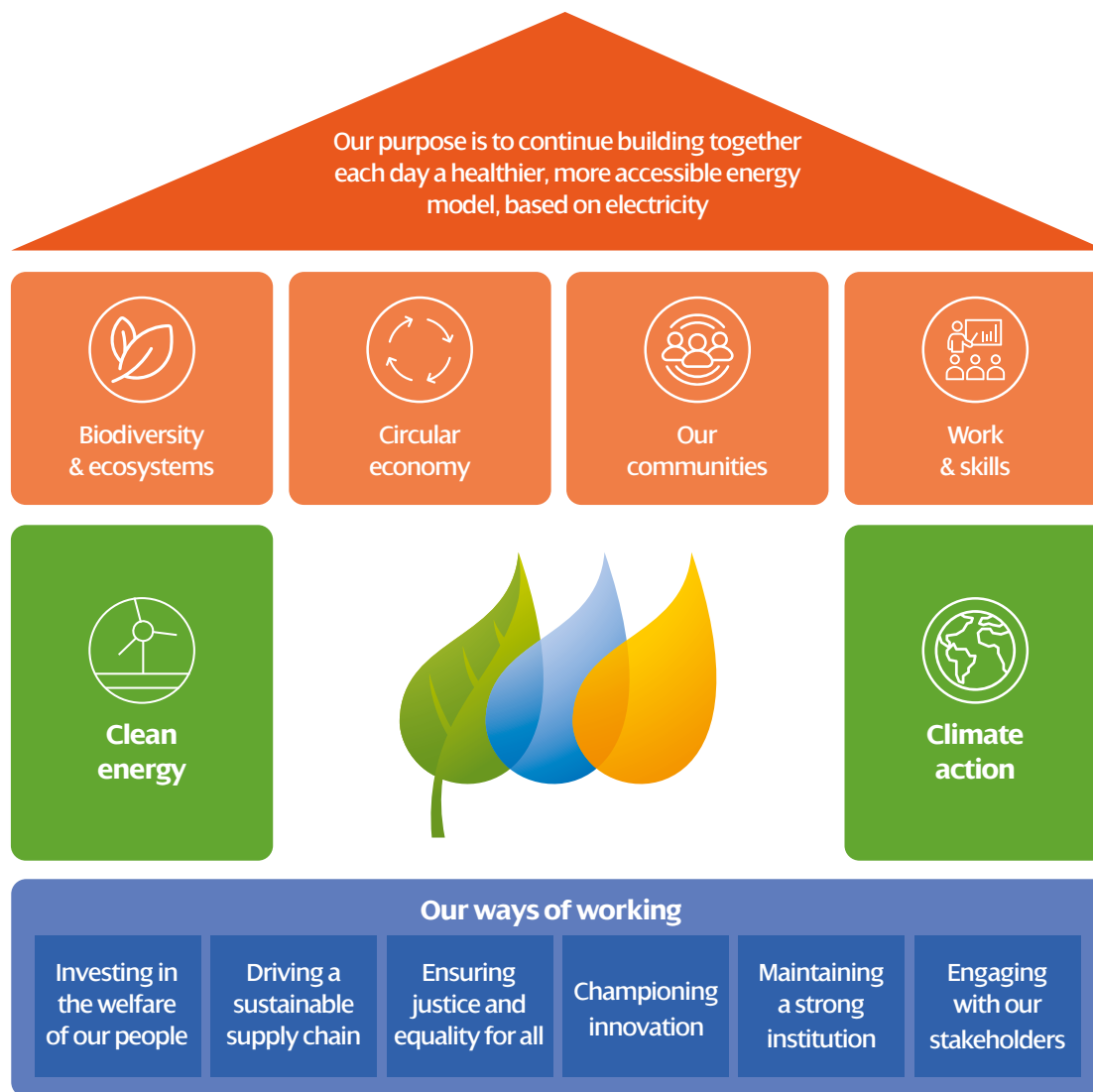
Impact areas

Two SDG goals link directly to ScottishPower's purpose and are the areas where we have the potential to make the greatest impact. These are SDG7, affordable clean energy, and SDG13, climate action.

These goals match our business ambitions to generate renewable energy, connect to our customers, and provide them with the solutions that allow them to cut the environmental footprint of their homes and businesses.

However, we do not pursue these ambitions in isolation, our efforts to power an energy revolution and tackle climate change are also the levers for responding to the nature crisis, enabling a just transition and much, much more.









Our contribution to the UN Sustainable Development Goals extends beyond what we do to shape how we work. We embed sustainable development, justice, equality and wellbeing across our own operations, within the requirements we set our supply chain and through our relationships with customers and stakeholders.



Each of the following six chapters sets out our long-term vision and describes the operating context and how we are already making a difference. They then set out a number of high-level targets to drive action and provide a summary of key strategic activities that we plan to take forward.

Summary of ambition

Action 2030: sets out 28 targets. From our engagement with communities to sustainable steel, these represent stretching ambitions that will help drive our decision making in the years ahead. We will track our progress against these targets at least annually and we will review these targets at least every five years and some more frequently in order to maintain a position of leadership and respond to the constantly changing environment and new technology.

Sustainable Development Strategy Target Description	SDG Alignment
Clean energy – 2030 Vision: leading the UK’s transition to cleaner and more affordable energy Treble onshore renewables capacity by 2030 Treble offshore renewables capacity by 2030 Deliver 500MW of Green Hydrogen capacity by 2030 Provide 4.8 million Smart Solutions by 2030 Investing £4.5 billion in Networks by 2028	
Climate action – 2030 Vision: full value chain GHG footprint reduction, while strengthening our business adaptation and resilience to climate change Reduce scope 1, 2, and scope 3 GHG emissions from fuel and energy related activities and use of sold products 64% by 2030 from a 2019 base year <ul style="list-style-type: none"> • Reduce absolute scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year • Reduce scope 3 emissions from all sold electricity 100% per MWh by 2030 from a 2019 base year • Reduce absolute scope 3 GHG emissions from use of sold products by 28% Net-zero greenhouse gas emissions across the value chain by 2039 from a 2020 base year 100% sustainable light vehicle fleet by 2030	
Biodiversity and ecosystems – 2030 Vision: delivery of a net positive impact on biodiversity and ecosystems Deliver net positive impact on biodiversity by 2030 Conserve, restore & plant 5 million trees by 2030 against a 2020 baseline	 
Circular economy – 2030 Vision: minimal resource use and waste and established circular processes that keep materials in use at high value for the long term Develop a detailed circular economy action plan by 2025 100% wind turbine blade recycling by 2030* Zero waste to landfill by 2030 Achieve 50% sustainable steel use by 2030 and 100% net zero steel by 2050	
Our communities – 2030 Vision: actively developing resilient, empowered communities with our partners 33% increase in employee volunteering by 2030 Installation of 12,650 public EV charging points by 2030 Raising £40 million for Cancer Research UK Deliver over £100m in community benefit funding to communities over the lifetime of our onshore windfarms £25 million benefits to vulnerable and disadvantaged customers in fuel poverty, and to support the low carbon transition to net zero in our Distribution Network by 2028	
Work and skills – 2030 Vision: a high performing representative workforce and a resilient supply chain capable of meeting our current and future needs Recruited over 1,000 people by the end of 2023 >35% female representation in senior management roles by 2030 Employee training ≥55 hours per year Access to Mental Health Awareness training for all line managers by 2025 >36% female representation at middle management roles by 2030 ≥ 90% Purchases from sustainable suppliers by 2030	 

* this target is subject to the existence of a commercially feasible solution

Spotlight:

Our commitment to sustainable development is not found in isolated work, but cuts across all we do. The following Spotlights shine a light on examples of how we ensure our approach to everything from repowering onshore windfarm sites to supporting communities with the net zero transition can deliver multiple UN SDGs.

Hagshaw Development Framework – Collaborative Partnerships

Scottish Power Renewables recently formed a partnership with NatureScot, East Ayrshire Council, South Lanarkshire Council, Land Use Consultants (LUC) and other developers to produce a Development Framework for the Hagshaw Energy Cluster in central south Scotland.

The Development Framework is a first-of-its-kind masterplan that sets out a vision for how the energy cluster will evolve between now and 2045, helping to guide the deployment of further renewable energy generation whilst realising co-benefits for communities, the local economy, and the local environment. The Development Framework can be used by local communities to help inform the investment of approximately £2.7million through renewable energy benefit funds each year. The framework is designed to support a just transition to net zero, by adopting a structured approach to the deployment of onshore wind energy and other low carbon energy technologies, guided by five key aims:

1. Support the efficient delivery of the renewable energy potential of the cluster, taking account of all appropriate technologies and the optimisation, extension and repowering of existing wind farms.
2. Maximise the social, economic and environment benefits of renewable energy development within the cluster.
3. Support the just transition to a low carbon future through a place-based approach.
4. Minimise adverse impacts of development on the environment and local communities.
5. Deliver investment in nature to enhance climate change and biodiversity resilience.

Opportunities for Development Frameworks are now being considered for other geographical clusters to benefit from the collaborative and innovative approach that has been adopted at Hagshaw.



Spotlight:

Green Economy Fund

Launched by SPEN in 2018, our Green Economy Fund is an excellent example of how the SDGs cut across our work and positively impacted Clean and Affordable Energy, Climate and Our Communities. The £20 million award-winning Green Economy Fund was created to support the Scottish Government's ambitious energy strategy and the UK's drive to a low-carbon economy. All the projects backed sat within one of the following focus areas: Transport, Heat, Renewables, Education, many of which contributed towards the transition to net zero and the communities we operate in.

Projects funded include:

First Bus – Introduction of Glasgow's first large electric bus route operating within the city centre.

Little Kerse Leisure Ltd – making its premises energy efficient by replacing floodlights with LED versions and creating a community hub with the introduction of EV charging points and battery storage infrastructure.

Community Energy Scotland – A programme of local 'smart energy' action plans developed with community councils in Dumfries and Galloway, the Scottish Borders, Fife, and Glasgow.

We have also developed our Zero Carbon Communities tool as a free, centralised source of information to bring together shared knowledge of local community energy projects, as part of efforts to boost investment in the growth of the community energy sector and wider economy. A world first, the industry-leading tool is used by community groups planning and developing renewable energy projects – helping them decide on technology, location, scale, governance, and management processes. It provides guidance and signposting on how to approach each area to overcome potential problems at an early stage and shorten project lead times. As the UK's energy is increasingly generated in the communities where it will be used, community groups have the potential to provide local energy solutions that meet local needs and maximise local benefits such as job creation.



Chapter Homepage



Clean energy



VISION 2030

ScottishPower is leading the UK's transition to cleaner and more affordable energy.

Context

Clean, affordable energy is the foundation for a decarbonised society. The UK Government has set out ambitions to improve security of supply, accelerate the rollout of green power generation, drive energy efficiency and encourage the uptake of low carbon technologies. As the UK targets 50GW of offshore wind capacity by 2030 (up from over 11GW in 2022), and aims to meet an expected doubling of demand by 2050; generation, networks and supply businesses must all transform at an unprecedented pace.

The pace of change is the defining characteristic of the coming decade, for example we need to see 3GW of offshore wind deployed each year, in addition to building new, and repowering existing, onshore sites, and the same again for solar. This acceleration represents the greatest infrastructure opportunity and challenge for generations and one that must be aligned to maximise its impact on the SDGs.

How we are already making a difference

We have a strong track record of contributing to SDG 7. As the first integrated energy utility in the UK to generate 100% of the electricity it produces from renewables, we have established a leading role in the delivery of a clean, low-carbon system for the UK. Our networks business operates three of the most decarbonised network licences in the UK and we have been an early entrant to new smart solutions and storage markets.

Renewables

- We are the largest UK onshore wind generator with over **2GW of capacity**, including the UK's largest windfarm at Whitelee
- **Over 1GW** offshore wind gross capacity including **714MW** as part of our East Anglia Hub
- We manage **10MW** of solar power and **104MW** of battery storage

Networks

- Launched Zero Carbon Communities Hub – the **world's first** Zero Carbon Communities tool
- Awarded more than **£80m** through the Green Recovery Fund and the Green Economy Fund supporting a range of community energy & fuel poverty action projects
- Connected more than **950MW** of new generation capacity to the transmission network since 2018

Retail

- First integrated utility to offer all new domestic customers a **100% renewable** power tariff, backed by our own windfarms and provide a 100% renewable electricity tariff for our SME customers
- Delivered **£624.4 million** in energy efficiency support in the last 10 years
- **Signatory** to Energy UK's Vulnerability Commitment, an optional set of principles and commitments from energy suppliers to support customers in vulnerable situations in addition to existing industry regulations.



Targets



Treble onshore Renewable capacity **by 2030**



Treble offshore capacity by 2030



Deliver **500 MW** of Green Hydrogen capacity by 2030



Provide **4.8 million** Smart Solutions by 2030



Investing **£4.5 billion** in Networks by 2028

How we will do this

Renewables

- We will invest £6 billion in delivery of offshore wind projects at East Anglia Hub
- We will complete construction of East Anglia 3 Offshore Windfarm which will deliver around 1.4 GW of clean energy by 2026
- We will develop and build some of the world's first large-scale floating offshore windfarms at our 3 GW MarramWind and 2 GW CampionWind sites
- We will make available, through our three ScotWind projects, a total of £75 million of supply chain stimulus funding, to invest in infrastructure and facilities in Scotland that will manufacture and service offshore wind projects as well as support companies, including SMEs, to innovate and upskill.

Networks

- We will support the decarbonisation of the wider energy system connecting at least 900MW of renewable energy generation over the course of our RIIO-T2 Business Plan (2021-26)
- We will work with strategic stakeholders, e.g., local authorities, to enable delivery of local decarbonisation plans and community energy projects, with dedicated community energy advisors offering technical advice and support
- We will embed enhanced digital solutions across our business to improve the efficiency of our networks & connection process, saving customers £51 million by 2028.

Retail

- We will continue to make the case to the UK Government to introduce a social tariff to support the most financially vulnerable, on a targeted basis
- Our Smart Solutions business will support households to decarbonise their homes and transport with roof top solar, heat pumps, batteries and ev charging
- We will provide ongoing support for vulnerable customers through a variety of programmes (Warm Home Discount; Prepayment Voucher Scheme; ScottishPower Hardship Fund)
- We will provide support in the face of the cost-of-living crisis (including our StepChange partnership and dedicated 'affordability' customer service team) as well as working closely with Government and other industry bodies to deliver wide-ranging customer support schemes.



Climate action



VISION 2030

ScottishPower has reduced its direct and indirect value chain greenhouse gas footprint in line with climate science, while strengthening our business adaptation and resilience to climate change.

Context

While we generate, transport, and sell the affordable and clean energy essential for the low carbon transition, we must also reduce our own greenhouse gas emissions and strengthen our business adaptation and resilience to climate change in line with climate science.

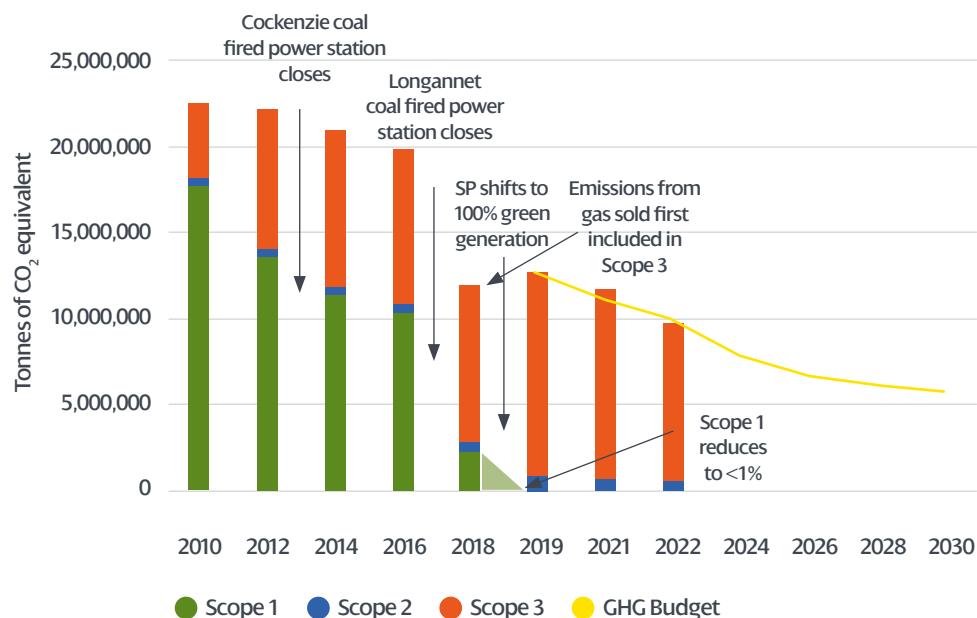
The climate emergency requires us to play our full part in the achievement of UK and Scottish climate change legislation. We must drive emissions reductions across all our activities and embed climate resilience in all our planning. Our response to the climate crisis must also support the protection and restoration of nature. Change is happening, but it needs to be faster and fairer if we are to help prevent the very worst impacts of climate change and ensure the benefits are enjoyed by all.

How we are already making a difference

We are well into our journey to net zero and have made huge strides in the last decade. In line with the global Greenhouse Gas Protocol, we measure our GHG emissions across Scopes 1, 2 and 3.

In the chart below, our science based GHG target line is shown as 'GHG Budget'.

ScottishPower Annual Greenhouse Gas Emissions



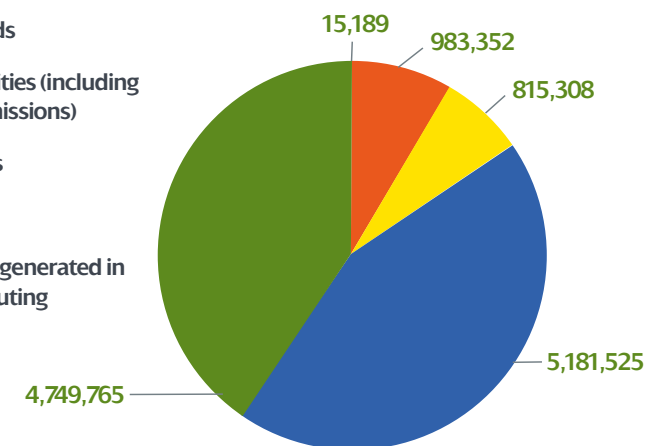
We were first able to publicly report our full value chain emissions in our 2022 Strategic Report and we are working to retrospectively recalculate the footprint to cover the full value chain. At time of writing, the full value chain footprint has been calculated for 2019, 2021 and 2022 and 2020 is under development.

Our closure of Cockenzie and Longannet coal-fired power stations and shift to 100% green generation significantly reduced our Scope 1 emissions, which now make up less than 1% of our total footprint. Our Scope 2 emissions are predominantly made up of the greenhouse gas emissions related to the electricity lost from the transmission network between generator and end user. Scope 3 emissions (primarily made up of emissions related to the gas and electricity we sell) now dominate our footprint. Our footprint does not currently include emissions from forestry and land.

ScottishPower Annual Scope 3 emissions 2019 baseline year

2019 Scope 3 emissions = 11,745,139 tCO₂e (SBT baseline year)

- Supply chain and capital goods
- Fuel and energy related activities (including product related upstream emissions)
- Sale of electricity to end users
- Sale of gas to end users
- Other (Business travel, Waste generated in operations, Employee commuting)





Our actions to respond to the climate crisis have led to the following results:

We have a strong track record of contributing to SDG 7. As the first integrated energy utility in the UK to generate 100% of the electricity it produces from renewables, we have established a leading role in the delivery of a clean, low-carbon system for the UK. Our networks business operates three of the most decarbonised network licences in the UK and we have been an early entrant to new smart solutions and storage markets.

Reduced emissions

- We reduced scope 1 emissions by more than 95% between 2010 and 2019
- Since 2019 we have reduced our total greenhouse gas footprint by a further 23%.

Planned for the future, managing risk and seizing opportunities

- We have published our comprehensive emissions reduction plan
- We have built transition scenarios and assessed climate risks and opportunities across our businesses
- We published our just transition strategy at COP26 and followed up one year later with a refreshed plan: **Just Transition. For you. For the planet.**

Built partnerships and worked in alliances for climate action

- Built partnerships and worked in alliances for climate action
- In 2021 we launched our multi-year partnership with WWF UK to support greater efforts to achieve Net Zero
- We were a COP26 Principal Partner and founding member of the Scottish Business Climate Collaboration, a group of leading corporate businesses with major footprints in Scotland working to help lead the fight against climate change and inspire action as a legacy of COP26
- We are members of the UN Global Compact, the Aldersgate Group, the UK Corporate Leaders Group, signatories to the Glasgow Climate Charter and the Edinburgh Climate Compact and supporters of the Scottish Climate Emergency Response Group.



Targets



Reduce scope 1, 2, and scope 3 GHG emissions from fuel and energy related activities and use of sold products 64% by 2030 from a 2019 base year*.

This target is made up of several subsidiary targets:

- Reduce absolute scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year
- Reduce scope 3 emissions from all sold electricity 100% per MWh by 2030 from a 2019 base year, equivalent to a 100% absolute reduction. All sold electricity refers to the electricity that we buy from the market to our customers
- Reduce absolute scope 3 GHG emissions from use of sold products by 28% over the same timeframe. Use of sold products refers to the gas that we sell to our customers.

* Near-term science-based greenhouse gas reduction target has been set and validated by the global Science Based Targets Initiative (SBTi)



ScottishPower aligns with the Iberdrola parent group long-term Net Zero Target

- Commit to reach net-zero greenhouse gas emissions across the value chain by 2039 from a 2020 base year*.

* Validated by the SBTi



We will fully electrify light vehicle fleet by 2030* and decarbonise heavy fleet as low carbon options become available.

* in line with the global EV100 initiative.

How we will we do this

Driving business change

- We will develop a **detailed climate transition plan** covering GHG reduction, risks, and opportunity management, adaptation, and resilience following the guidance of the Transition Plan Partnership
- We will end the installation of **new Sulphur Hexafluoride-filled assets** from 2028 where cost effective and technically viable alternatives are available (Sulphur Hexafluoride is a potent greenhouse gas commonly used as an insulating medium in electrical assets)
- We will work to quantify and mitigate our forest and land related greenhouse gas emissions in line with Science Based Targets and Greenhouse Gas Protocol guidance
- We will ensure that the delivery of climate targets and actions will also support nature.

Supporting change with customers and partners

- We will supply **100% of our own electricity customers with green energy** by 2030 (we achieved 47% in 2022)
- We will **develop climate policies and tools** to enable our supply chain to cut our value chain footprint. This will include the adoption and promotion of the SBCC Climate Action Hub for the SME sector
- We will continue to influence and champion accelerated efforts to tackle climate change **through partnerships and alliances**.



Biodiversity and ecosystems



VISION 2030

ScottishPower has delivered a net positive impact on biodiversity and ecosystems.

Context

Our activities have the potential to influence habitats and species across a wide range of terrestrial and marine environments in which we build, operate, and maintain infrastructure. In supplying affordable, clean, and sustainable energy, our actions must therefore also conserve and enhance environmental balance and the biological diversity of ecosystems. These aims are an essential part of our business strategy and interlink with all parts of this sustainable development strategy. We must play a proactive role in engaging with and contributing to national and international goals to help deliver the Kunming-Montreal Global Biodiversity Framework.



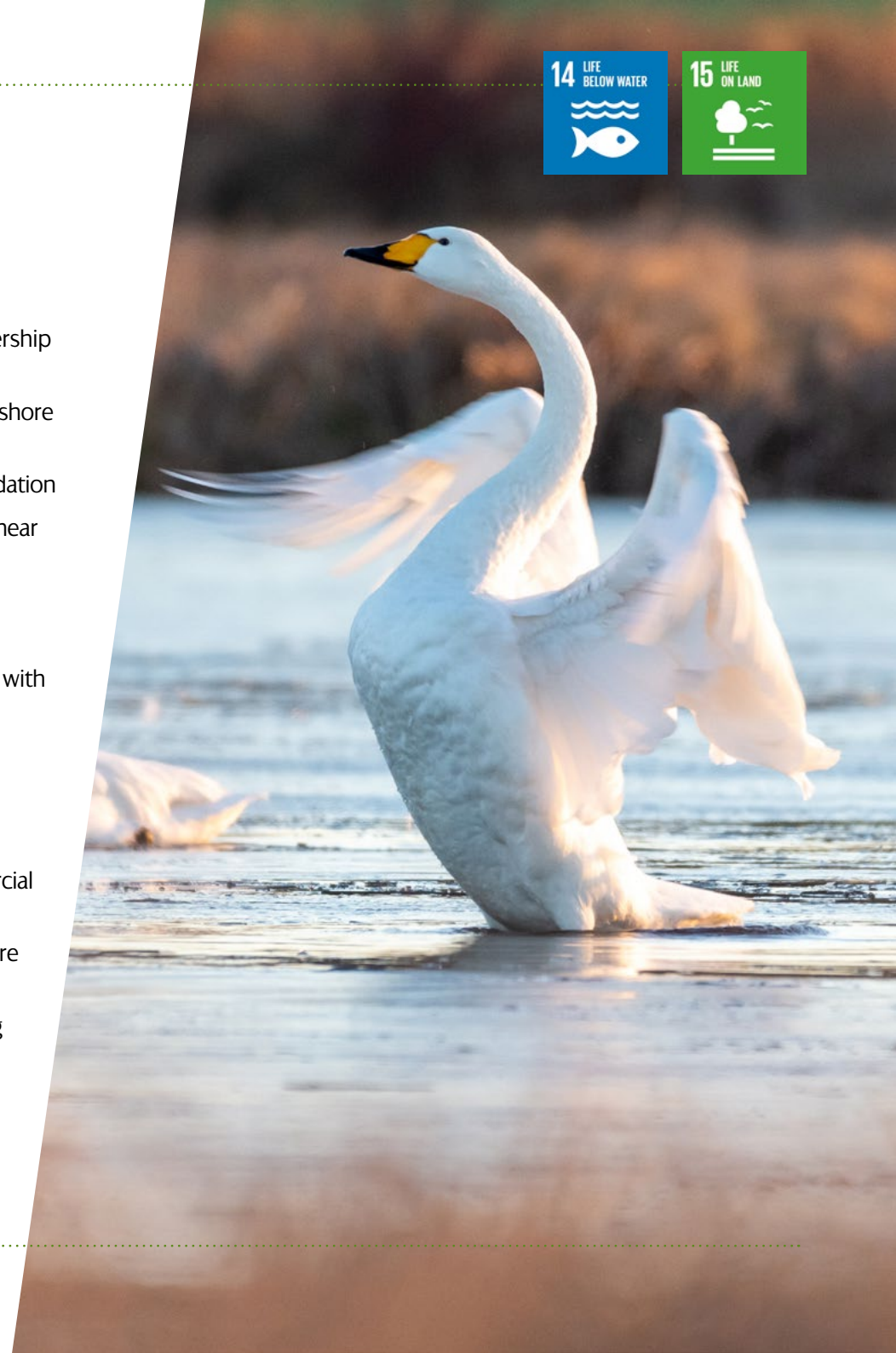
How we are already making a difference

Leading research

- Completion of a Harbour Porpoise monitoring study at East Anglia ONE windfarm in partnership with NGO and academic partners
- Commenced multi-year study of Whooper Swan migration and behaviour in relation to offshore wind farms
- Funding of seagrass and oyster restoration in the Firth of Forth by the ScottishPower Foundation
- Trialling the Forest Design Concept resulting in a novel replanting approach for networks linear infrastructure, utilising 'low and slow' growing shrubs and trees.

Land management and conservation action

- Managing our operations across 31,000 hectares and over 3,500km of linear infrastructure with 185 key species
- Over one million trees planted since 2020
- Over 800 biodiversity protection actions completed since 2015
- Developed industry-leading peatland restoration methods now used throughout the UK
- Ditch blocking and ground smoothing to reverse the damage caused by historical commercial plantations across 2,697ha at 8 wind farms
- 10,000ha of land actively managed through Habitat Management Plans covering 26 onshore wind farm sites
- Investment of over £850k in 250ha Falkirk bog restoration partnership, delivering peat bog improvements across 9 sites.





Targets



Deliver **net positive impact** on biodiversity by 2030



Conserve, restore and plant **5 million trees** by 2030 against a 2020 baseline

How we will do this

In line with Science Based targets for Nature (SBTN) and the Taskforce on Nature-related Financial Disclosures we will:

Plan, integrate, evaluate and disclose

- Develop a Biodiversity and Natural Capital Action Plan
- Integrate biodiversity into internal strategic planning and decision-making processes
- Improve our measurement framework – implement a net balance accounting framework for biodiversity
- Evaluate 100% of priority facilities and their biodiversity action plans by 2025, and 100% of all facilities by 2030
- Manage and disclose our risks and opportunities relating to nature in line with the recommendations of the Taskforce for Nature-related Financial Disclosures.

Deliver and collaborate

- Continue to apply the conservation hierarchy (avoid, minimise, remediate on-site, offset off-site), considering the impact of our facilities on species and ecosystems throughout the lifecycle
- Deliver nature-based solutions that provide biodiversity and ecosystems enhancements while reducing climate risk and impact and enhancing adaptation
- Collaborate with our supply chain to deliver our biodiversity aims
- Promote a transformation in action for nature by contributing to innovation and knowledge exchange
- Further develop strategic partnerships with national and local stakeholders to respond to the biodiversity crisis.



Circular economy



VISION 2030

ScottishPower has minimised resource use and waste and established circular processes that keep materials in use at high value for the long term.

Context

As we enable societal decarbonisation, we are constructing, operating, and maintaining renewable generation and storage, hydrogen, battery, and infrastructure sites. The resources needed to do this are finite and the processes to extract, refine and transport them have impacts on climate and biodiversity.

Many planetary resources are now depleted far beyond global capacity to regenerate them, and this coupled with accelerating global demand and geopolitical stresses, raises the risk of resource scarcity and supply chain shocks. The latest global Circularity Gap Report suggests that the world is only 8.6% circular, showing that we have a long way to go. However, this indicates that there may be very significant competitive opportunities for businesses who are able to adopt greater circularity.

It is important that we fully understand our reliance on resources and develop a circular business that is efficient, reduces environmental impacts, supports local jobs, and reduces supply chain risk. We must move away from using materials produced from virgin materials through resource intensive processes. We must collaborate to develop resource loops both within and outside our organisation.

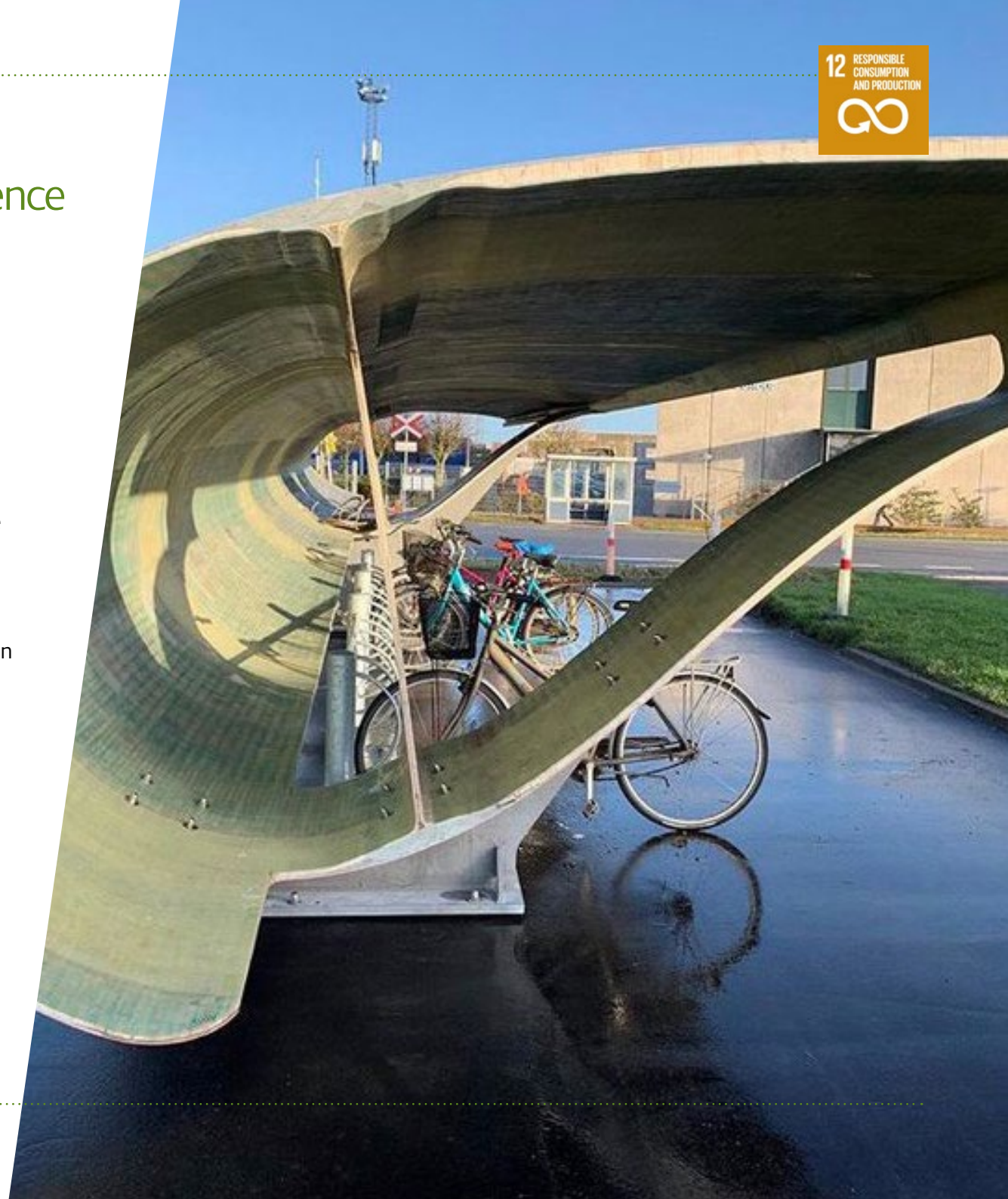
How we are already making a difference

Cutting our waste

- 90% of our waste was diverted from landfill in 2022
- 39% reduction in waste generated between 2021 and 2022
- Implemented a wind turbine component repair, reuse and repurposing programme.

Trialling new techniques to old challenges

- Created a new integrated access road framework that enables the reuse of aggregates across networks projects
- Successfully trialling use of biofuels from vegetable oil for crew transfer vessels and generators
- Commenced an Asset Reuse and Recovery Collaboration project in partnership with SSE and Zero Waste Scotland.



Targets



Develop a detailed circular economy action plan by 2025



100% wind turbine blade recycling by 2030*



Zero waste to landfill by 2030



Achieve 50% sustainable steel use by 2030 and 100% net zero steel by 2050

How we will do this

Building plans and processes

- Working with Zero Waste Scotland to develop a resources and circularity baseline and identify existing and future circularity opportunities and interdependencies.
- Complete circular economy opportunities assessment and develop business cases.
- Develop and implement processes for circular design, construction and decommissioning by 2028.
- Set data-driven targets for reduction in raw materials use
- Ensure that circularity is fully embedded in business strategy, governance, risk, metrics, all business objectives, processes, and systems.

Closing the loop in partnership

- Specify supply chain circularity data requirements by 2026
- Work with suppliers and contractors to achieve zero waste to landfill from our construction and operations
- Champion policy changes to enable greater resource use avoidance, reuse, and recycling within, or close to, our areas of operation
- Work with industry and academia to identify long-term, scalable blade recycling options
- Deliver our SteelZero commitment to transition to 100% net zero steel by 2050 and procure or specify a minimum of 50% of sustainable steel by 2030

*This target is subject to the existence of a commercially feasible solution



Our communities



VISION 2030

ScottishPower is actively developing resilient, empowered communities with our partners.

Context

The communities we serve, and operate in, will play a critical role in the transition to Net Zero. Their efforts to decarbonise heat and transport, use energy more efficiently and adapt their behaviours to market signals will radically transform the energy system and profoundly impact our business.

We recognise that a one-size-fits-all approach to the energy transition is not feasible; communities across rural and urban environments, in different political settings and with varied levels of national or local government support, will face different challenges in achieving Net Zero targets and we must ensure that nobody is left behind.

How we are already making a difference

We have a long legacy of going the extra mile for our communities and take great pride in developing meaningful partnerships to empower our communities, strengthen local economies and providing energy security. Some of the initiatives we've supported in recent years include:

Funding

- Awarding over £52 million to date to local groups, through our 36 Community benefit funds, empowering UK communities, neighbouring our windfarms, to serve the needs of their local area
- Contributing to low carbon job creation and transport infrastructure through our £20 million Green Economy Fund and developed the world's first Zero Carbon Communities tool -designed to support individuals and communities interested in reducing the carbon footprint and maximising benefits from a net zero future
- Providing £46.25 million in community funding, over the last 10 years, through the ScottishPower Foundation (a registered charity), staff charity fund matching, and our strategic affinity partnership with CRUK.

Strategy & policy

- Creating our Just Transition Strategy, strengthening our strategy principles to create positive outcomes for our communities, customers, and employees
- Embedding a community energy strategy into our ScottishPower Distribution Business plans, in partnership with the UK's three national Community Energy Charities and funding the delivery of their annual 'state of the sector' community energy reporting.



Image: courtesy of ScottishPower Foundation

Targets



33% increase
in employee volunteering
by 2030



Installation of
12,650 Public EV
charging points by 2030



Raising
£40 million for
Cancer Research UK



Deliver over **£100m** in community
benefit funding to communities
over the lifetime of our onshore
windfarms



£25 million benefits to vulnerable
and disadvantaged customers in
fuel poverty and to support the low
carbon transition to net zero in our
Distribution Network by 2028

How we will do this

Partnerships

- We will continue to work with the Scottish Government, communities, and relevant stakeholders to decide how best to disseminate wider benefits from our ScotWind offshore wind projects
- We will collaborate with local communities to maximise the social and economic benefits of our renewable generation projects. For example, through working in partnership with the Islay Energy Trust for the MachairWind ScotWind project
- We will deliver our commitments to support community energy, including energy efficiency or sustainable transport initiatives, over 2023-2028 through our first ever community energy strategy.

Supporting those in need

- We will help 40,000 vulnerable customers in Scotland, England and Wales in their transition to Net Zero to ensure that no one is left behind through our £5.3 million Investment
- We will deliver direct support to around 60,000 vulnerable and disadvantaged SP Energy Networks (SPEN) customers through £4.2 million investment in our tailored fuel poverty programme and partnerships
- We will continue to increase our reach within the charity partners we support, and enhance our volunteering culture by developing team events that support environmental, homelessness, food poverty, children & young people, older generation, domestic violence charities
- We will deliver £2.3 million of community benefits during the operational life of East Anglia ONE North and East Anglia TWO projects.



Work and skills



VISION 2030

ScottishPower has a high performing representative workforce and a resilient supply chain capable of meeting our current and future needs.

Context

The energy transition to net zero is a massive job creation opportunity. The consultancy firm McKinsey estimates a global market opportunity of £1 trillion for British businesses by 2030 and the UK Government estimates that the transition can support 480,000 jobs in 2030. Other work by the Institute for Public Policy Research highlights how an energy efficiency and low carbon heat programme could support 325,000 jobs in the UK. For a successful transition to Net Zero, it's crucial that we close the energy skills gap and inspire the next generation to consider a career within the energy sector.

Following a record number of green energy infrastructure projects secured by the company in 2022, we need to fill at least 1,000 positions with new recruits by the end of 2023 to deliver more green, secure, affordable energy.

It is therefore vital that we develop a diverse and able workforce fit for the future, equipping them with the right tools and skillsets across all areas of our businesses and all stages, from trainees to time-served trades and supporting roles.

How we are already making a difference

At ScottishPower speeding up the journey to net zero is at the heart of everything we do:

Creating opportunities

- We have recruited talent through our pre-employment and employee attraction initiatives; including our Graduate, Masters scholarships and Power Academy Scholarships programmes
- We have widened the opportunities for people to enter the industry through our STEM Outreach Programmes (including Girls into STEM) & employability programmes, as well as partnering with POWERful women/ Energy Leaders Coalition/ Breaking Barriers Programme.

Empowering workforce

- We have created a working environment where employee-led networks help drive the direction of the business and staff have greater control in their reward package to suit their lifestyle, stage of life and priorities through our flexible benefits scheme
- We have delivered our SPEN Electricity Distribution 2 (ED2) Net Zero Workforce Strategy.



Targets



Recruited over
1,000 people by the
end of 2023



>35% female representation
in Senior management
roles by 2030



Employee training
≥55 hours
per year



Access to **Mental Health**
Awareness training for all
Line Managers by 2025



>36% female representation
at middle management
roles by 2030



≥90% Purchases from
sustainable suppliers
by 2030

How we will do this

Continuous workplace improvement

- We will increase the number of Mental Health first aiders to a 1:25 ratio by 2024 throughout our Networks business
- We will create a new Diversity & Inclusion Committee with Senior Business Executives from across ScottishPower by the end of 2023 to oversee delivery of our D&I Roadmap
- We will deliver the commitments of the Energy Leaders Coalition on gender equality
- ScottishPower is working towards Living Wage accreditation.

Supplier development

- We will continue to rollout our “enhancing supplier” initiative to improve compliance score for suppliers scoring under 50% of governance element of ESG measures
- We will review the sustainability of suppliers through our procurement process and, if required, issue improvement plans to drive supplier sustainability score improvements.

Workforce development

- We will deliver large scale (+250 young people) face-to-face STEM engagement activity annually
- We will provide annual pre-employment placement opportunities for 50-55 young people on our Year-In-Industry programme
- We will aim to maximise the transition to permanent roles for those undertaking our annual returners placement programme
- We will sponsor up to 14 Masters level students on an annual basis
- We will provide up to 80 placements for young people on our annual summer placement programme
- We will support the development of up to 42 young people per year (aged 16-19) on our Pre-apprentice programme
- We will deliver an annual programme for young people who have been care experienced (targeting 50% + completion rate)
- We will deliver as Breaking Barriers programme for young people with a learning disability
- We will support the MCR pathway mentoring programme, working with care experienced young people to build motivation, commitment, and resilience.



Ways of working

Ways of working

Our contribution to the UN SDGS is not limited to the targets in this Strategy but is found across our ways of working. No matter what your role within ScottishPower your work contributes to our shared purpose and helps take forward our commitment to sustainable development.

Investing in the welfare of our people

We are committed to fulfilling our responsibility in supporting our people through achieving and maintaining the highest possible levels of health and wellbeing, inside and outside work.



All ScottishPower employees have access to a dedicated Occupational Health, Hygiene and Wellbeing department which comprise a range of trained professionals providing specialised and comprehensive health services including health monitoring and surveillance, identifying, and managing health risks, and access to physiotherapy.

This is complemented by a well-established Employee Assistance Programme offering expert counselling support, which along with trained Mental Health First Aiders, enables early intervention for anybody who may be experiencing issues impacting upon their mental or physical wellbeing.

We recognise the importance of taking a proactive and preventative approach. All our people managers are being trained in mental health and wellbeing through collaboration with a leading organisation in this field – ensuring that managers have the confidence, skills, and knowledge to support their teams. The delivery of monthly wellbeing sessions and the launch of our Wellness Action Plans also help us look after our own wellbeing and that of others.

The physical health and wellbeing of our people is also a priority. Alongside the provision of on-site gym facilities in different settings across the UK, we are developing new and innovative ways which increase opportunities for staff to be

active by providing access to reduced-cost gym memberships at a location of their choosing and enhancing our digital options through online classes. This reflects our desire to not only increase availability but ensure there is equitable access.

Driving a sustainable supply chain

During 2022, 96% of the amount awarded by Scottish Power was assigned to suppliers classified as Sustainable based on the supplier evaluation model of the Iberdrola group.



In this model, the Environmental, Social and Governance (ESG) profile of each supplier is checked, and it is verified if they are subject to policies and standards such as: having a global strategy of environmental sustainability, having measures for efficient use of water and energy, establishing measures for conservation of biodiversity, or have a human rights Due Diligence strategy, a code of ethics or conduct, and health and safety standards, among others.

We have delivered programmes that drive sustainability through our own procurement practices and supply chain (global supplier sustainability objective; social audits initiative; enhancing supplier compliance systems initiative).

Where a supplier falls short of meeting the required standard ScottishPower works directly with them to help improve their sustainability, thereby driving change across our value chain.

Ensuring justice and equality for all

We're committed to ensuring that the energy transition is fair, and that the people we serve have a stake in shaping it. For there to be a just transition to a greener future, we need to work in partnership with local communities, consumers, employees, supply chains and policy makers to realise our shared net zero ambitions.

Our Just Transition Strategy sets out our track record of supporting communities, consumers and employees, and our commitment to a fair and equitable transition. Our approach is underpinned by four key principles: being a purposeful business; collaborating with our communities; sharing expertise and opportunity; and being fair for our customers.



Attracting and retaining diverse talent and developing an open and supportive workplace where we all can grow is a key part of our ethos.

Our Employee Networks are created and run by our people with a drive, and a real interest in bringing people and teams together - diverse backgrounds and experiences make us stronger. Supported by ScottishPower and led entirely by employees, the growing number of networks we have help create an innovative, integrated organisation where people feel valued, inspiring them to perform at their best.



As more people join, so each employee network becomes bigger and more successful in promoting themselves and their work. Our current networks include:



- **SPACE** - created to give access to support and guidance on all aspects of being a parent or carer.



- **Connected Women** - A confident and vibrant network for ScottishPower women. The Connected Women network provides a platform for members to meet regularly to share their experiences and ideas



- **VIBE** - help to promote cultures and create a welcoming environment within ScottishPower to all irrespective of one's sex, religion, colour, orientation, or nationality.



- **IN-Fuse** - representing LGBT+ colleagues and allies alike promoting inclusion for all inspiring and supporting all our employees to feel they can be their true and authentic selves at work.



- **i-CAN** - aims to encourage, create, and promote authentic leadership for climate action in both the professional and personal lives of all ScottishPower employees.



- **Future Connections** - bring together people from across the business with an appetite to communicate and learn about activities in other business areas.



- **SPARC** - created by a group of employees in ScottishPower to provide a platform for all staff who identify as disabled, neurodivergent or having a long-term health condition, visible or invisible. The network will contribute to policy changes and raise the profile of disability across the organisation

Championing innovation



Innovation is at the heart of our drive for secure, affordable clean energy for the UK. Championing new technologies, bringing down the costs of decarbonisation and ensuring that no communities are left behind, we continue to lead by example in making sure clean, affordable energy is available to all. Investing locally and thinking globally, we spent more than £55million in 2021 on innovation, leading the way towards a Net Zero future. We pride ourselves on working with leading academics at institutions such as the University of Strathclyde and Imperial College London to access the latest thinking and R&D in decarbonisation.

Examples of our innovation projects:

Entering its ninth year, the TIC Low Carbon Power and Energy partnership, sees ScottishPower collaborate with Scottish and Southern Energy, to address industry level challenges in the race to net-zero. Combining the first-class knowledge of the University of Strathclyde, with the technical expertise of both companies, delivers unique insights that can positively influence business opportunities in areas such as digital networks, on-shore wind turbine optimisation and floating offshore wind.

We've also partnered with BOC – a Linde company – and ITM Power, to launch 'Green Hydrogen for Scotland', to offer an 'end-to-end' market solution for reducing vehicle emissions through the provision of green hydrogen. The new facilities planned will ensure zero emission fuel is readily available to organisations such as local authorities and others with fleets of heavy-duty vehicles. A proposed green hydrogen production facility located on the outskirts of Glasgow will be operated by BOC, using wind and solar power produced by ScottishPower Renewables to operate a 10MW electrolyser, delivered by ITM Power. The project aims to supply hydrogen to the commercial market within the next two years.

The partnership's first project, 'Green Hydrogen for Glasgow', is designed to provide carbon-free transport and clean air for communities across the city, which wants to become the first net-zero city in the UK by 2030. It also supports the Scottish Government's decarbonisation targets and Glasgow City Council's commitment to creating a zero-emissions vehicle fleet, using only electric and hydrogen-powered vehicles by the end of 2029.

Maintaining a strong institution



ScottishPower maintains a strong Governance and Sustainability System, which sets the framework for all our business activity. Core to this system is the Code of Ethics, supported by a range of corporate policies, which set standards in relation to corporate governance and social commitment. Intrinsic within this is a commitment to doing business fairly, ethically, and sustainably. The Code of Ethics sets the standards in how we expect all employees across the company to behave in their role.

Responsibility for interpreting, promoting, and applying the Code of Ethics across the organisation sits with the independent Compliance Division. This work includes maintaining compliance programmes to deliver the commitments against bribery, corruption and other financial or corporate crime. ScottishPower's Compliance programme has achieved Compliance Leader Verification by Ethisphere for meeting a number of the components of a best practice compliance system.

Going forward:

- We aspire to be officially recognised as one of the World's Most Ethical Companies, as compiled by Ethisphere
- We aim to obtain a revised ISO 37001 accreditation (anti-bribery management system) in 2023
- We also aim to work with our Procurement colleagues to support overall improvements in the sustainability of our supply chain, through driving improvements in the compliance element of our suppliers' ESG scores.

Engaging with our stakeholders



We believe that effective and meaningful engagement with our stakeholders is key to promoting the values of ScottishPower and successfully navigating the challenges and opportunities of a smart energy future. We are developing a responsible and sustainable business model which keeps stakeholders involved and provides them with shared added value. Through engaging with our seven identified stakeholder groups (Workforce, Regulatory Entities, Customers, Suppliers, The Media, Society at Large and The Environment) we aim to enhance our understanding of our stakeholders priorities, share our objectives, challenges and goals, and look for ways to gain mutual benefits for all parties. Trust and respect can only be built up over time, and through our long association with these stakeholder groups we have developed strong partnerships.

Governance and reporting

The ScottishPower Sustainability team are the owners of Action 2030 and have developed this document in conjunction with internal and external contributors. Overall approval of Action 2030 rests with the ScottishPower Management Committee who review and approve its content and any updates on an annual basis. The ScottishPower Management Committee will receive progress updates against the Strategy biannually.

The Head of Climate Change and Sustainability will attend the ScottishPower Audit and Compliance Committee at least on an annual basis, to report on progress against the Strategy. This allows the ScottishPower Audit and Compliance Committee, who have a supervisory role for sustainable development activities of the Company, to fulfil their role of informing the ScottishPower Ltd (SPL) Board of Directors on any aspects of the sustainability agenda.

Performance against targets and strategic actions will be discussed throughout the year at the Sustainable Development and Reputation Committee while delivery will be coordinated across ScottishPower by the Cross Business Working Group on Action 2030.

Environmental management

Complete environmental compliance forms the foundation of this strategy. Our corporate functions and operating businesses are certified to ISO14001:2015 Environmental Management Systems, driving a strong focus on compliance, risk reduction and continual improvement. Our environmental and sustainability policies can be viewed here.

Resources and enablers

Relevant policies and strategies:

- [Iberdrola Sustainable Management Policy](#)
- [Iberdrola General Sustainable Development Policy](#)
- [Iberdrola ESG targets – Nov 2022](#)
- [ScottishPower Just Transition – Nov 2022 \(update\)](#)

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The Sustainable Development Strategy is the product of ScottishPower and does not reflect the views of the members of the Advisory Group.

Contact

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