



2021 Modern Slavery Statement

4 May 2022

About our statement

This is ScottishPower's sixth Modern Slavery Statement ('the Statement') in accordance with s54 of the Modern Slavery Act 2015. Scottish Power Limited is the UK parent company of the ScottishPower group ('ScottishPower'). This Statement constitutes ScottishPower's slavery and human trafficking statement ('Modern Slavery Statement') for the financial year ending 31 December 2021 and applies to companies within the ScottishPower group.

All of ScottishPower's previous Modern Slavery Statements can be found at [ScottishPower's Modern Slavery Statement - ScottishPower](#)



Approval

This Statement sets out ScottishPower's approach to combatting Modern Slavery in our operations and any developments to the approach in 2021. It reaffirms that we are fundamentally opposed to Modern Slavery in all areas of our business.

The Board of ScottishPower has been briefed on the Modern Slavery Act 2015, and in respect of how ScottishPower has responded to the legislation since it was enacted. We consider that the measures highlighted in this Statement, coupled with our overall approach to ethics and employee and supplier engagement, are helping to reduce the risk of Modern Slavery taking place across ScottishPower and our supply chain. This Statement was approved by the Scottish Power Limited Board of Directors on 4th May 2022.



A handwritten signature in black ink, appearing to read 'KSA', with a long, sweeping horizontal line extending to the right.

Keith Anderson
Chief Executive Officer,
Scottish Power Limited

Our approach

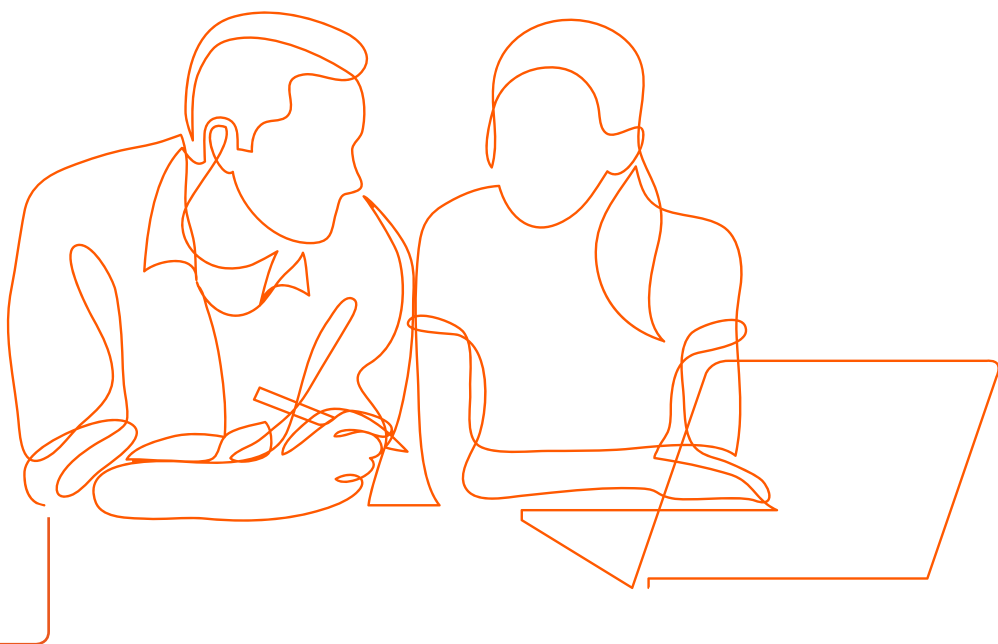
ScottishPower is wholly opposed to any form of Modern Slavery and is committed to combatting any such activity that is in any way connected to our business. This Modern Slavery Statement sets out the steps taken by ScottishPower towards meeting this commitment in the last financial year. The Statement considers ScottishPower's actions in six key areas:

- Organisational structure, business, and supply chains
- Policies and Procedures
- Due Diligence
- Risk Management
- Communication and Training
- Measuring effectiveness

Action taken in 2021

As part of our programme of action to address Modern Slavery risks within our business in 2021 we:

- Commenced discussions with relevant areas of the business to develop a Modern Slavery Policy. The draft policy is now in development.
- Introduced a new Supplier Registration form as part of our wider Due Diligence procedures, to support the existing registration process. This specifically screens new suppliers for risks before they can be registered in our systems and participate in tender activity.
- Engaged specialist third party Due Diligence services to conduct additional reviews of suppliers for Modern Slavery risks, where required.
- Engaged with two suppliers on potential labour issues and obtained appropriate assurances and confirmation of action from those suppliers to address those issues.
- Supported the supply chain plan and Modern Slavery commitments submitted to UK Government as part of a substantial UK Offshore wind development.
- Discussed our Modern Slavery approach, considerations and higher risk areas with key personnel, including the ScottishPower Management Committee, Iberdrola Group Compliance, CSR, Procurement teams and core business representatives as part of our Risk Assessment activity, and updated our risk picture and key focus areas accordingly.
- Promoted Anti-Slavery Day through a week of email and Yammer communications to employees.
- Identified one further team within the business where the developing activities meant that an awareness of Modern Slavery issues would be beneficial and provided bespoke training to that team.
- Presented to around 80 third party representatives as part of the Supply Chain Sustainability School's 'lunch and learn' series
- Continued to contribute to the Utilities Against Slavery working group, as supported by the Slave Free Alliance.



Organisational Structure, Business and Supply Chains

About ScottishPower

ScottishPower is part of the Iberdrola group ('Iberdrola'), one of the world's largest integrated utility companies and a world leader in wind energy. Iberdrola aims to be a leader in sustainable energy and ethical conduct and in 2021 was again rated as one of the World's Most Ethical Companies by the Ethisphere Institute. Our organisational structure remained largely unchanged in 2021.

Our businesses

ScottishPower operates in the United Kingdom through the following business sub-holding companies: Scottish Power Energy Networks Holdings Ltd (SPENHL), ScottishPower Renewable Energy Ltd (SPREL) and Scottish Power Retail Holdings Ltd (SPRHL).

These business companies sit within Scottish Power Limited, which has principal responsibility for the formulation and implementation of ScottishPower Strategy.

Each of the business sub-holding companies have their own boards of directors who hold decision-making responsibility for operational business management, ensuring appropriate business separation safeguards are observed. Policies and procedures approved by the Scottish Power Limited Board of Directors will be adapted and adopted by the sub-holding businesses, as appropriate for their business area. This ensures that each business has responsibility for its own activities and strategy, while operating in accordance with the Purpose and Policy requirements established for the ScottishPower group.

The three divisions activities include:



SP Energy Networks: SP Energy Networks is responsible for the three regulated electricity network businesses in the UK. These businesses are 'asset-owner companies', holding the regulated assets and electricity distribution and transmission licences of the Group, and are regulated monopolies. They own and operate the network of cables and power lines transporting electricity to around 3.5 million connected customers in the Central Belt and South of Scotland, Cheshire, Merseyside, North Shropshire, and North Wales.



Renewables: Renewables is responsible for the origination, development, construction and operation of renewable energy generation plants, principally onshore and offshore wind, with a growing presence in emerging renewable technologies and innovations such as battery storage and solar. Renewables' ambitious growth plans include expansion of our existing onshore wind portfolio harnessing our 6.6 gigawatts ("GW") pipeline, investing in new large-scale solar deployment and innovative grid storage systems including batteries. The division operates the East Anglia One ("EA1") offshore wind farm and is developing the East Anglia Hub ("EA Hub") in the Southern North Sea off the East Anglian coast. Renewables' 41 wind farms produce over 2,800 megawatts ("MW") of clean, renewable energy that supplies around 2.1 million homes.



Energy Retail and Wholesale: Energy Retail is responsible for the supply of electricity and gas to almost five million domestic and business customers throughout the UK, including customer registration, billing, and handling enquiries in respect of these services. Energy Retail is also responsible for the associated metering activity, including the smart meter installation programme, and managing the Group's Smart Solutions activities. Furthermore, in 2020, ScottishPower created a hydrogen department to begin working with businesses to seek appropriate green hydrogen solutions. This is a pioneering strategic move to support the UK's efforts to achieve 'net zero' by 2050.

Energy Wholesale is responsible for managing the Group's exposure to the UK wholesale electricity and gas markets for Energy Retail and Renewables and the optimisation of gas storage.

Our workforce

At ScottishPower we believe that the well-being of people is a strategic cornerstone. That is why we champion a model that enhances the employee experience every day, in both their professional excellence and their quality of life.

Our businesses operate across the UK, and we have a skilled workforce throughout, many of whom have specialist talents and abilities, valued in our commercial and technical environment. We have a variety of supportive employment policies and are fully compliant with minimum wage legislation. In 2021, this included enhanced policies around family leave.

Our recruitment programme is designed to ensure equal opportunities, compliance with local legislation and that all our people have the appropriate rights to work.

At the end of 2021 ScottishPower
employed just over
5,700 employees
across the UK.



We check eligibility to work in the UK (including passport verification) and conduct pre-employment background checks, which includes address and employment verification, basic disclosure check, credit check, civil litigation check and media search, all of which can help to identify concerns or potential forced labour issues.

All individuals recruited by ScottishPower are subject to employment checks prior to the employment contract being finalised. For a small number of roles, additional checks of educational/professional qualifications, international criminal/credit checks and directorship searches may be conducted as needed. Records of eligibility checks are retained on employee HR records.

Due to the diverse nature of our business activities, our core employee base is supplemented by i) agency workers for short term or specialist roles, as needed from time to time; and ii) our third party suppliers, for products and services required to support our business activities.

Agency or short-term workers must be recruited through a single approved agency, who are responsible for carrying out the same checks as for directly recruited employees.

Our Supply Chain

As with many large organisations, ScottishPower uses a complex supply chain to deliver our supply needs, across a variety of industries and countries. Our supply chain supports: the construction, generation, distribution, transmission and supply of electricity and the supply of gas; domestic energy services such as boiler care, electric vehicle chargers and energy efficiency measures; and the general resourcing and administration requirements of a large organisation. Due to the diverse nature of these activities, we use a combination of directly employed professionals and third-party suppliers to deliver particular expertise.

At the end of 2021 we had
contracted directly with
around 3,000
third party suppliers, registered
in approximately 20 countries.



Depending on the nature of the contract, our contractors may use specialist suppliers to fulfil elements of their contracts with ScottishPower and therefore broaden our supply chain. Where this is the case, suppliers are responsible for ensuring that their suppliers meet ScottishPower's required standards.

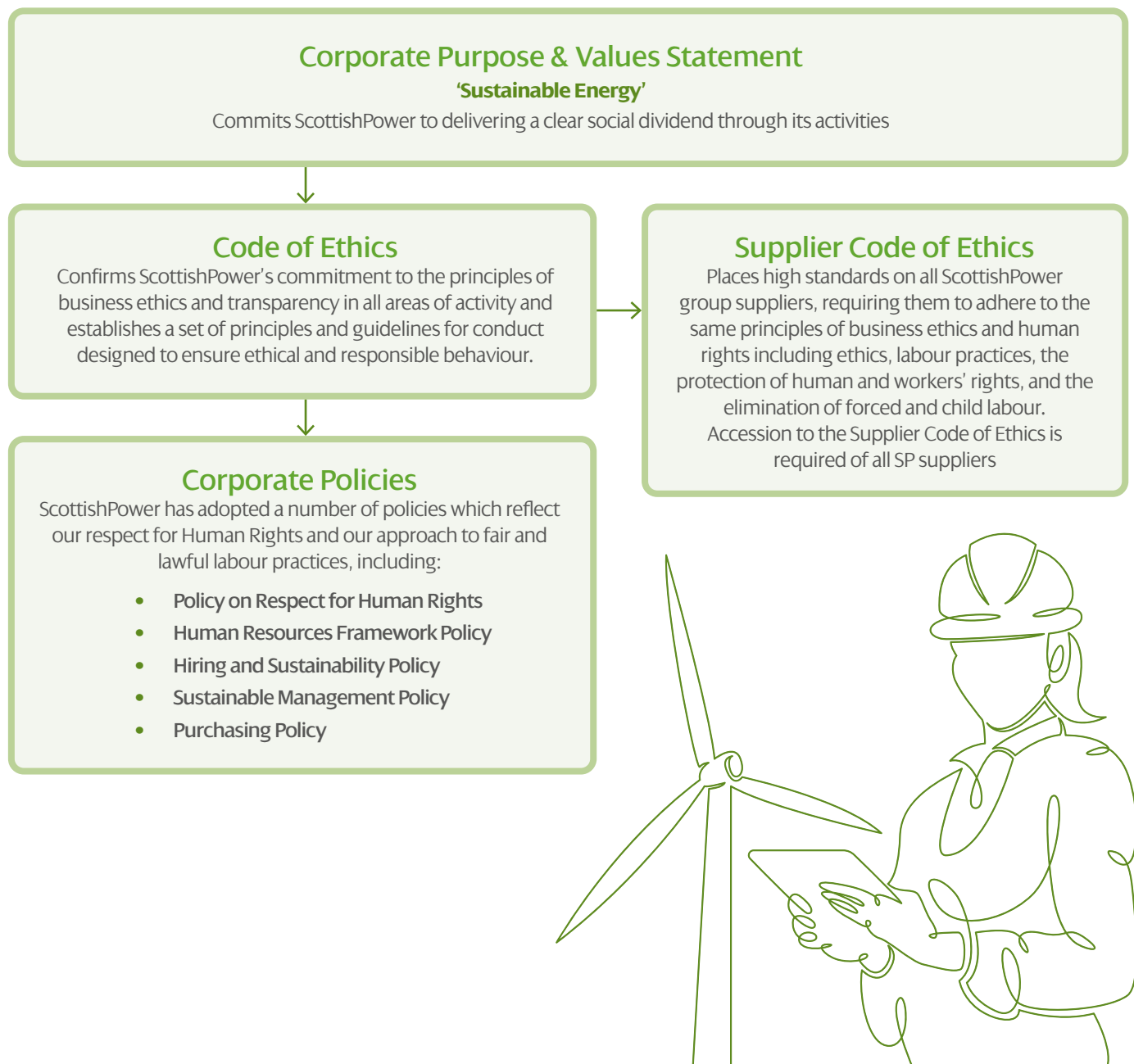


Policies and Procedures

Within ScottishPower, there is a clear hierarchy of Policy designed to ensure that ethical, sustainable values and fair labour practices are at the heart of our business operations. This framework remained in place across 2021.

As part of Iberdrola, ScottishPower remains publicly committed to the United Nations (UN) Sustainable Development Goals (SDGs). Several of the SDGs are relevant to Modern Slavery including Goals 8 and 10 (Decent work and economic growth; Reduce inequalities) and Goal 16 (Peace, Justice and Strong Institutions). Working in conjunction with our colleagues across Iberdrola, we are committed to playing our part towards meeting them and to aiding our suppliers in contributing to these aims. The SDGs are reflected throughout the business strategy for the Iberdrola group.

Figure 1 illustrates the policy framework that was in place in ScottishPower in 2021:





Our Code of Ethics

Our [Code of Ethics](#) represents who we are and how we act as a company. It contains a set of behavioural guidelines designed to ensure ethical, responsible conduct by all employees so that their actions are also governed not only by scrupulous compliance with all laws and regulations but also by solid, generally accepted ethical principles.

We also have in place a [Supplier Code of Ethics](#), which all suppliers are required to agree to when submitting a tender response to ScottishPower (which would then form part of any new contract). As part of the supplier registration process, suppliers are also asked to provide details of their own code of ethics or conduct.

Article B.4 of the Code of Ethics reaffirms the commitments made in the Policy on Respect for Human Rights and, by virtue of Article A.2, requires all employees and suppliers across the group to recognise these principles and to adhere to them in all of their activities on behalf of ScottishPower.

Further information is available on the [ScottishPower website](#).



Human Rights Policies

ScottishPower has adopted a suite of policies regarding our social commitment, which reflect, within the framework of our sustainable development strategy, the Group's respect of human rights, the development of professional relationships based on diversity, inclusion and a sense of belonging, all of which are essential to the promotion of equal opportunity and non-discrimination in the management of people.

In particular, ScottishPower and its sub-holding business companies have adopted the Policy In Respect of Human Rights, which reinforces ScottishPower's commitment to the human and labour rights recognised in domestic and international law and to recognised international best practice regarding human rights, including the United Nations Global Compact and the SDGs.

In 2021, we commenced discussions with the business on the development of a Modern Slavery Policy for ScottishPower, to further reinforce these existing policies. This work has now become part of a wider review of our compliance policy suite, so is ongoing. The Policy is currently in draft and will be finalised once the compliance policy review has been finalised.





Speaking Up

ScottishPower actively encourages any employee or third party that has any concerns about its ethical working practices to report those concerns, using one of the following routes:

- Directly to ScottishPower's Chief Compliance Officer by phone or in writing
- Directly to one of our Business Compliance Officers by phone or in writing
- Using the Ethics Mailbox managed by the Compliance Division – compliance@scottishpower.com
- Submitting the online 'Contact Compliance' form on our employee portal
- Using the external Supplier Mailbox reporting link on the Iberdrola group website

In 2021, we launched a tender for a new third party provider to manage our external 'Speaking Out' service, to provide an additional reporting route.

Each of these routes provide an independent, confidential speaking out process for ScottishPower employees, suppliers, and their employees to report directly to ScottishPower any conduct believed to be in breach of the Supplier Code of Ethics or of any other wrongful, criminal or illegal conduct.

We maintain Speaking Out Guidelines for our employees, which aim to provide supporting information for employees on Speaking Out and the types of issues - including Modern Slavery - that they should report directly to the Compliance Division.



Due diligence processes

Procurement of goods and services from Third Parties

At ScottishPower we recognise that we have a valuable opportunity to identify potential instances of Modern Slavery in our supply chain at an early stage, through our procurement process and supplier contracts. At end 2021, we contracted with around 3,000 suppliers, registered in approximately 20 countries. All third-party suppliers are procured under our Procurement Policy, which has clear and direct links to Policy in Respect of Human Rights and Supplier Code of Ethics. ScottishPower's procurement process is ISO 9001 accredited and is designed to support ScottishPower in meeting its sustainability and ethical goals.

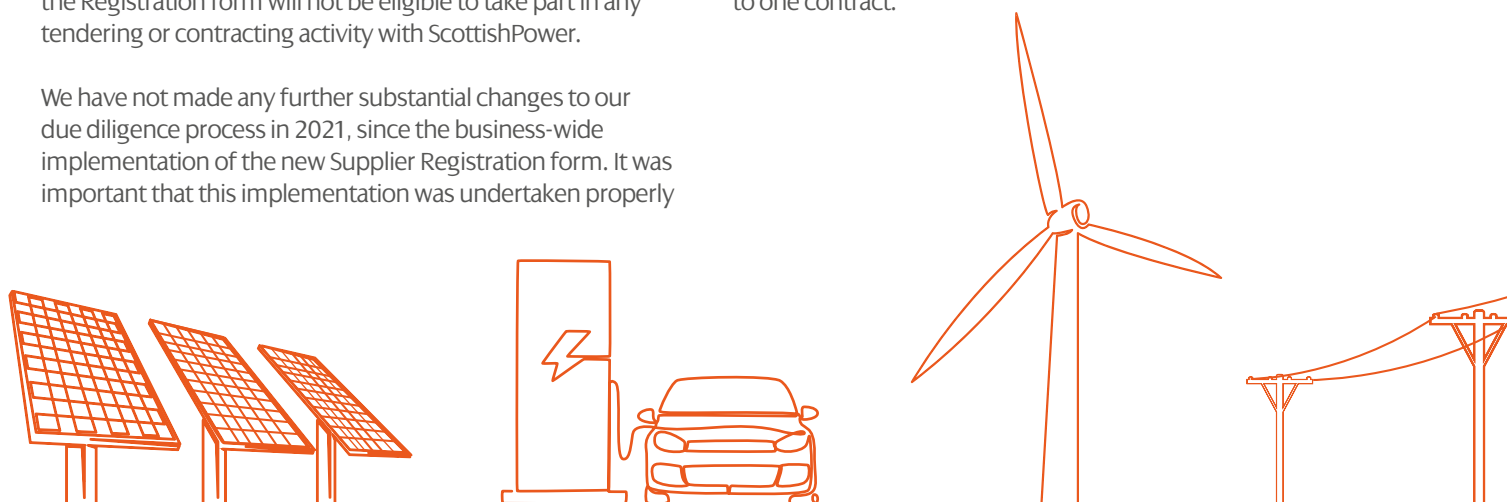
During 2021 we implemented a new onboarding process for assessing new vendors across the Iberdrola Group, which uses our Dow Jones RiskCenter Risk Assessment tool to identify and resolve potential compliance risks with vendors and their connected parties before they are registered with ScottishPower. Any vendor that has not completed the Registration form will not be eligible to take part in any tendering or contracting activity with ScottishPower.

We have not made any further substantial changes to our due diligence process in 2021, since the business-wide implementation of the new Supplier Registration form. It was important that this implementation was undertaken properly

and consistently across our procurement activity, working in co-operation with potential suppliers to achieve the rollout.

By further strengthening our onboarding process in 2021, we are continuing to establish an acceptable standard for third-party suppliers to demonstrate prior to registering with us. We aim to support overall improvements in the quality of our supplier base, further reducing risks of Modern Slavery in our supply chain.

Suppliers are subject to screening for any potential human rights or Modern Slavery issues, both at the point of registration with ScottishPower and during their contract with ScottishPower. Additional due diligence will be used in some higher risk contracts, with specialist third party due diligence engaged in likely areas of risk when needed. In 2021, we used a specialist third party due diligence provider to undertake an assessment of Modern Slavery or Human Rights risk in relation to one contract.



Key steps in the procurement process:

Stage 1

The engagement and selection of suppliers

Our vendor registration platform (GoSupply) is used across the Iberdrola Group and acts as a single, consistent point of registration for all third parties wishing to become a supplier of ScottishPower. All third parties registering in GoSupply are required to confirm acceptance of our Code of Ethics, as well as provide evidence of their Sustainability credentials, including Human Rights commitments, policies and practices and ethical behaviour. Those third parties registering at the highest level are required to complete a questionnaire to determine an Iberdrola score against three pillars – Environmental, Social & Governance. This score is then monitored to encourage all third parties to reach an acceptable threshold to be considered for contract awards within the Group.

Checks integrated within our vendor management (SAP) system are applied to all new suppliers, and potentially higher risk suppliers are automatically flagged for further review before they are accepted as a supplier. A third-party Compliance screening tool ('the tool'), is used to screen against media activity, regulatory and law enforcement updates, and a variety of financial and risk information, to provide up to date intelligence on organisations and relevant individuals. This allows a more consistent view of new suppliers, enabling ScottishPower to identify any human rights issues or 'red flags' and advise the business on any issues and controls they should consider in taking the supplier forward. The tool is also reviewed daily, to identify any potential new issues with existing suppliers which require review or action.

Stage 2

The contracting process (tendering)

Once suppliers have been pre-qualified to proceed to each tender, as a key part of the contracting process they are required to agree to terms requiring them to operate ethically and in compliance with the Supplier Code of Ethics and with relevant legislation, including in respect of Modern Slavery, as well as their ethical obligations in relation to the recruitment, management and compensation of employees. Suppliers are also required to ensure that any sub-contractors are also obliged to meet these obligations. All suppliers are also provided with links to the Supplier Code of Ethics.

Stage 3

The ongoing management of suppliers

Once the contract is signed, responsibility for the implementation and ongoing management of the supplier reverts to the relevant business manager. The scale and type of monitoring will vary depending on the nature of the supplier's work for ScottishPower. Suppliers are required to manage their own sub-contractors and we will ask for evidence of how these third parties are being managed, either as part of ongoing monitoring and reporting, or on an ad-hoc basis if specific concerns are identified.



Risk Management

Modern Slavery risks specific to ScottishPower are captured and tracked as part of a wider Compliance risk map. In 2021 Modern Slavery risks were incorporated within the Compliance Risk Assessment, which assessed the Impact, Probability and Criticality of risk factors affecting ScottishPower.

These risks and associated controls were reviewed with key management personnel from business areas across the Scottish Power group. Key areas of potential risk within our business operations and supply chain were identified, along with relevant controls. This included discussion with the ScottishPower Management Committee, as well as senior and operational employees across the Group.

In 2021 our Compliance Risk Assessment confirmed our view that areas of perceived Modern Slavery risks within our business and supply chain primarily relate to the use of third-party suppliers in parts of the world where there are specific concerns around forced labour. Renewable and energy services technology present a risk factor due to the materials and technology used (such as in solar panels) and offshore windfarm construction is a particular risk area where some work is carried out by overseas vessels and crews. Existing controls were assessed as appropriate and ongoing discussions have been held with key business areas on managing emerging risks.

In addition, as part of our daily vendor screening programme, we continue to measure adverse media reports through our screening tools and this provides an additional control in identifying any concerns, including those relating to Modern Slavery. As a result of our daily vendor screening programme we became aware of 2 cases, in 2021, where public reports indicated a potential issue with a supplier. In both cases these were relevant to third-party suppliers in relation to Offshore Windfarm activities. We conducted appropriate due diligence and engaged directly with each supplier. Both suppliers acted quickly to provide relevant assurance that the issues raised were addressed.

The output of the Compliance Risk Assessment has been used to identify opportunities for strengthening our approach further. This has been shared with the Scottish Power Ltd Audit and Compliance Committee (SPL ACC) and built into our action plan for 2022.

Key performance indicators to measure effectiveness of steps being taken

The ScottishPower Compliance Division has an independent reporting line to both the Scottish Power Limited Audit and Compliance Committee (SPL ACC) and the Iberdrola Group Compliance Division.

On a quarterly basis, the Chief Compliance Officer reports to the SPL ACC on compliance matters including activity in relation to Modern Slavery risks. Our quarterly KPIs includes tracking on progress against core elements of our Modern Slavery programme and were updated reflect the 2021 Modern Slavery programme.



Communication & Training

Training and awareness

As part of our commitment to strengthening human rights and eradicating Modern Slavery across our business and industry we believe it is important to share knowledge and best practice. This is particularly the case in areas of greater potential risk, such as in the development of the renewables sector, where the increased growth and specialist resource requirements could facilitate opportunities for Modern Slavery if not appropriately managed.

Our induction programme provides training and awareness of our company values and our Code of Ethics to new employees.

In October 2021, we promoted 'Anti-Slavery day' and held a week long focus on Modern Slavery, through a variety of Company-wide communications to educate employees on the subject and reaffirm ScottishPower's commitment to human and labour rights and to eliminating Modern Slavery that could in anyway be connected to our business. We also reminded employees of our own Modern Slavery Statement published annually, in accordance with the Modern Slavery Act 2015.

During 2021 we also raised awareness of the Modern Slavery Statement, Government Modern Slavery Registry and the importance of collaboration in eradicating Modern slavery within the Utility Industry through our active participation as an invited speaker at training sessions held, in conjunction with the Supply Chain Sustainability School (SCSS) and the Slave Free Alliance, for the wider Utility Industry.

During 2021, the Business Compliance Officers identified additional areas where information on Modern Slavery was relevant to their business areas and provided specific information sessions to key employees.

External engagement

Scottish Power continued its membership of the Slave Free Alliance in 2021. Slave-Free Alliance is a limited company that is part of the Hope for Justice charity, working in collaboration with businesses to enhance and support their wider framework around ethical trade, sustainability, compliance, corporate social responsibility, and human rights. The core objective of Slave-Free Alliance is to support businesses to work towards a slave-free organisation and supply chain.

Across 2021 we have continued to use our membership of the Slave Free Alliance to help us better assess and evaluate the potential exposure to the risk of Modern Slavery, understand

the corporate response to mitigate the risk and to develop actions to improve our activities in this area. This includes through engagement with other members on best practice in tackling the issue of Modern Slavery and through bespoke training support for targeted employees.

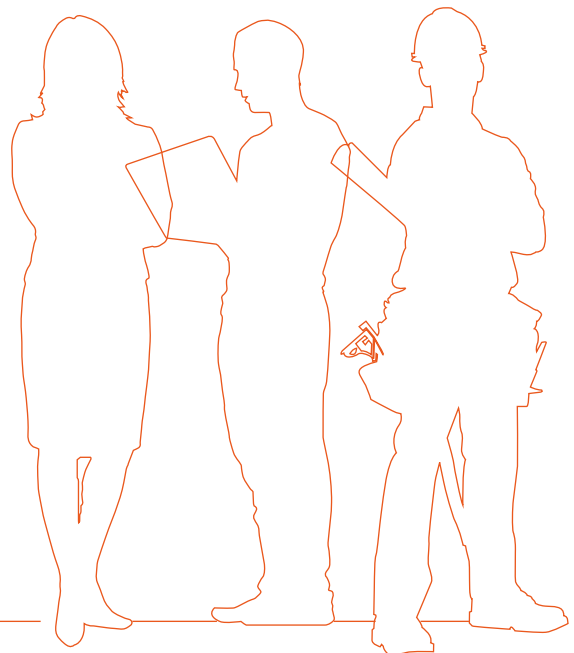
We believe that sharing best practice and learning from peers and Modern Slavery subject matter experts is not only efficient but allows us to support change across the industry on best practice approaches.

Across 2021, we have continued to be actively involved in the 'Utilities Against Slavery' Working Group. The group was formed in 2020 and members work together to eradicate slavery and exploitation in the UK Utilities Sector and its supply chain by:

- Raising awareness to prevent the exploitation of workers and the community.
- Sharing best practice amongst the group's members.
- Collaborating to produce a co-ordinated response to reducing risks in supply chains.

ScottishPower is also pleased to continue our membership of the Institute of Business Ethics, an organisation which works to promote high standards of business behaviour based on ethical values and which provides high level guidance on Modern Slavery, alongside other issues relevant to business ethics.

We believe that our memberships are important in helping to foster opportunities for collaboration with colleagues across industry on steps to eradicate Modern Slavery across the utilities sector and providing the expertise to help further strengthen our programme in the most effective way.



Our Approach to Modern Slavery in 2021

While we believe that we have established a solid baseline in combatting Modern Slavery with the policies and practices already in place across ScottishPower, we are continuing to develop our Modern Slavery prevention plan and associated actions.

In our 2020 Modern Slavery Statement we said we would	What we delivered in 2021
Finalise our Modern Slavery Policy and Strategy, building on and enhancing the current action plan.	We have drafted our Modern Slavery Policy and Strategy and discussions are underway across the ScottishPower businesses around the scope and application of these. We have since commenced a more general review and update of our Compliance policies and procedures, which will also encompass checks for Modern Slavery risks. Therefore, the draft Modern Slavery Policy will be finalised once the overarching scope of that review is finalised. These discussions will therefore continue into 2022.
Provide further bespoke Modern Slavery training to relevant employees, particularly focussed on supplier management and to explore options for awareness for suppliers.	<p>We identified a further business team with a developing supply chain and business activities and delivered a bespoke training session for that team on issues relating to Modern Slavery, including risk areas and supplier management.</p> <p>We have presented to members of the Supply Chain Sustainability School on Modern Slavery Statements, in order to raise awareness of the requirements and considerations and also presented to the wider Utility Industry on the importance of collaboration in eradicating Modern slavery within the Utility Industry, in conjunction with the Supply Chain Sustainability School (SCSS) and Slave Free Alliance.</p>
Undertake a wider review of our Compliance Risk Assessment activity, including through the supply chain, with the aim of minimising the burden on suppliers while providing as effective as assessment of Modern Slavery risks as possible.	In 2021 we improved our understanding of likely areas of risk within our supply chain and incorporated consideration of these areas within our Compliance Risk Assessment activity. We will continue this within 2022.
Promote 'Speaking Out' on key issues including Modern Slavery, to both our employee and supplier population.	<p>During 2021 we launched a tender to procure a new third party Speaking Out service provider. This tender is ongoing, and we expect to conclude this in early 2022. We are planning a campaign of activity to promote the service once it is finalised.</p> <p>In 2021 we also developed a new option for Speaking out, with the adoption of a new online form that employees can access through the employee portal.</p> <p>We continued to promote Speaking Out through all our business stakeholder engagement activities, including new start training sessions.</p>

2022 Focus

We are fully committed to continuing our work on further developing our action plan to support our continued improvement in this area during 2022 and beyond.

Our commitment to continue developing this plan, highlights that not only is ScottishPower committed to tackling Modern Slavery, but that it is part of a Global group demonstrating an ethical commitment towards ending Modern Slavery. Our focus in 2022 will be:

- Finalising the Modern Slavery Policy approach, in line with our Compliance Policy review.
- Following the completion of our Compliance Policy review in 2021, we will implement our Modern Slavery Policy, while continuing to look for further development of our Modern Slavery strategy to strengthen our approach in this area.
- Contributing to an Iberdrola Group-wide review of Modern Slavery controls and implementing any actions arising from that review.
- Considering / developing further options for raising awareness on Speaking Out and Modern Slavery issues across relevant business areas.

This statement applies to:

In line with Home Office guidance of 12 March 2019, this statement covers those entities within the ScottishPower group that meet the reporting criteria and are therefore obliged to report under s.54 of the Modern Slavery Act 2015, or are parent companies of those entities, namely:

ScottishPower UK plc

ScottishPower Retail Holdings Limited

ScottishPower Energy Management Ltd

ScottishPower Energy Retail Ltd

SP Smart Meter Assets Limited

ScottishPower Renewable Energy Limited

Scottish Power Renewables (UK) Ltd

ScottishPower Renewables (WODS) Ltd

East Anglia One Limited

Scottish Power Energy Networks Holdings Limited

SP Distribution plc

SP Transmission plc

SP Manweb plc

SP Power Systems Limited

Those entities sign an adopting statement which is held at ScottishPower's offices and is available on request.

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