

SUSTAINABLE, ETHICAL WORKING



Modern Slavery Statement 2020

May 2021



Application

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 2020, pursuant to s54 of the Modern Slavery Act 2015 and applies to companies within the ScottishPower group.

Approval

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 are fundamentally opposed to Modern Slavery in all areas of our business. 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 6 May 2021.

Keith Anderson,
Chief Executive Officer, ScottishPower

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

Organisational Structure, Business and Supply Chains

About ScottishPower

Our organisational structure remains unchanged in 2020. 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 2020 was again rated as one of the World's Most Ethical Companies by the Ethisphere Institute.

The main ScottishPower companies are:



Scottish Power Retail Holdings Limited, comprising our retail business, which supplies electricity and gas to around 5 million households and businesses across the UK;



Scottish Power Energy Networks Holdings Limited, which provides power to communities through a network of cables and power lines that we own and maintain; and



ScottishPower Renewable Energy Limited, which develops and operates onshore wind and energy storage projects and offshore wind farms throughout the UK, managing the development, construction and operation of those projects.

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, and SP Power Systems Limited. Those entities have signed an adopting statement which is held at ScottishPower's offices and is available on request.

ScottishPower is proud to be the first integrated energy company in the UK to commit to generate 100% green electricity. Our focus is on wind energy, smart grids and driving the change to a cleaner, electric future and we're investing over £7m every working day to deliver a better future, quicker, for everyone.

Specialist External support

Scottish Power continued its membership of the Slave Free Alliance in 2020. [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.

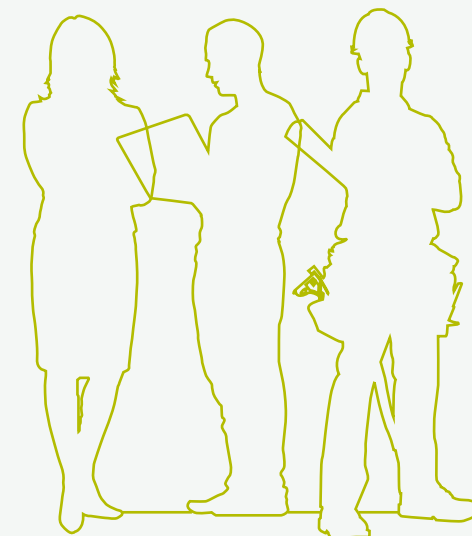
Across 2020 we have used our membership of the Slave Free Alliance to help us better assess and evaluate the potential exposure to the risk of modern slavery, understand the corporate response to mitigate the risk and to develop actions to improve our activities in this area. This includes through engagement with other members on best practice in tackling the issue of Modern Slavery and through bespoke training support for targeted employees.

More details are provided in the relevant sections below.

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 both 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.



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Our Workforce and 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 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.

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.

At the end of 2020 we employed just over **5,900** employees and had contracted directly with **3,100** third party suppliers, registered in approximately **28 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.



5,900
employees



3,100
third party suppliers





Policies and Procedures

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. 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, as illustrated in Figure 1. This framework remained in place across 2020.

Corporate Purpose & Values Statement 'Sustainable Energy'

Commits ScottishPower to delivering a clear social dividend through its activities.

Approved in February 2019

Policy on Respect for Human Rights

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.

Last amended and adopted by ScottishPower Board in Feb 2020



Code of Ethics

Confirms ScottishPower's commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and guidelines for conduct designed to ensure ethical and responsible behaviour.

Last updated and adopted by ScottishPower Board in December 2020

Supplier Code of Ethics

Places high standards on all ScottishPower group suppliers, requiring them to adhere to the same principles of business ethics and human rights including ethics, labour practices, the protection of human and workers' rights, and the elimination of forced and child labour. Accession to the Supplier Code of Ethics is required of all SP suppliers.

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: www.scottishpower.com



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**
- **Using the Ethics Mailbox managed by the Compliance Division – compliancedivision@scottishpower.com**
- **Employees can also report any concerns anonymously through a solution available on the ScottishPower employee portal.**

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 Up Guidelines for our employees, which aim to provide supporting information for employees on Speaking Up and the types of issues that they should report directly to the Compliance Division. In 2020, these Guidelines were updated to explicitly include indications or concerns of the existence of Modern Slavery as a type of issue that should be reported, to act as a reminder to employees that they have a role to play in addressing this issue.

Modern Slavery Steering Group

ScottishPower has established a Modern Slavery Steering Group, comprised of senior management from across the business to provide oversight of ScottishPower's ongoing efforts to prevent, detect and react to Modern Slavery across the ScottishPower group. The group met once in 2020.



Due diligence

Employee recruitment

We check eligibility to work in the UK and conduct pre-employment background checking for all individuals recruited by ScottishPower (this includes address and employment verification, basic disclosure check, credit check, civil litigation check and media search). For a small number of roles additional checks of educational/professional qualifications, international criminal/credit check and directorship search may be conducted as needed.

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 2020, we contracted with 3,100 suppliers, registered in approximately 28 countries.

ScottishPower's procurement process operates under the Iberdrola group Procurement Policy, which has clear and direct links to the Policy on Respect for Human Rights and the Supplier Code of Ethics. ScottishPower's procurement process is ISO 9001 accredited and managed to the highest standards, to assist ScottishPower in meeting its sustainability and ethical goals.



There are 3 key steps in the procurement process:

Stage 1 - The engagement and selection of suppliers

During 2020 we implemented a new vendor registration platform (GoSupply). This new platform is now 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 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 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.

We have not made any further substantial changes to our due diligence process in 2020, due to the business-wide implementation of the new GoSupply and SAP Ariba (iBuy) systems. It was important that this implementation was undertaken properly and consistently across our procurement activity, working in co-operation with suppliers to achieve the rollout. The combined impact of these systems is to ensure that ScottishPower's procurement process remains consistent and controlled in its approach to preventing and identifying potential issues of Modern Slavery through its contracting with Third Parties. By establishing 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.

Through this work, we have also identified some opportunity for improvements in 2021. In particular, we have trialled a bespoke Modern Slavery questionnaire as part of a specific purchasing activity in 2020. This has supported the development of a list of potential questions to include as part of the supplier registration to further enhance our due diligence approach. We will look at how to take this forward more widely in 2021.



Risk Management

Modern Slavery risks specific to ScottishPower are captured and tracked as part of a wider Compliance risk map. In 2020 this map was incorporated within a Group-wide Compliance Risk Assessment, which assessed the Impact, Probability and Criticality of 20 Criminal Risks affecting ScottishPower, including Modern Slavery issues.

This risk and its associated controls were reviewed with key management personnel from 38 defined 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.

In 2020 our Risk Assessment confirmed our view that areas of perceived modern slavery risks within our business and supply chain primarily relate to overseas supplies from higher risk countries and third party contracted labour for use in construction projects. 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, 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.

We have already identified opportunities for strengthening our approach further in 2021. This includes reviewing the approach to supply chain risk assessment, and the ongoing management of suppliers, to better assist in the identification and eradication of Modern Slavery risk.



Communication & Training

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 addition, we have ongoing mandatory training for all employees on company Code of Ethics. 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 GoSupply registration process, suppliers are also asked to provide details of their own code of ethics or conduct.

In October 2020, 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.

Over 2020, over 4,500 employees across the main ScottishPower businesses completed an online Code of Ethics training course, which was designed to reinforce the key messages within the Code of Ethics and promoting ethical behaviours.

In addition, during September and October 2020 we delivered Modern Slavery training sessions in conjunction with the Slave Free Alliance to key members of staff within the organisation. 89 business managers and members of the purchasing team received this targeted training. We will continue to work with the Slave Free Alliance to develop our Modern Slavery plan and are currently looking to identify further training requirements to be delivered during 2021.



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Measuring Effectiveness

While we believe that we have established a solid baseline in combatting Modern Slavery with the policies and practices already in place across ScottishPower, there is more that we can and will do to develop our Modern Slavery prevention plan and deliver best practice in educating our employees and suppliers on the issue of Modern Slavery.

In our 2019 Modern Slavery Statement we said that we would	What we did in 2020
Finalise our Modern Slavery Policy and Strategy and implement the Action Plan, taking into account the Slave Free Alliance recommendations;	<p>We have not yet finalised the Modern Slavery Policy and Strategy and discussions are underway across the ScottishPower businesses around the scope and application of our these. These discussions will continue into 2021.</p> <p>We implemented our Action Plan for 2020, focussing on engagement and awareness activities and enhancing our risk assessment approach.</p>
Provide targeted Modern Slavery training to a targeted population of employees across our business;	We delivered targeted Modern Slavery training sessions in conjunction with the Slave Free Alliance to 89 key members of staff within the organisation.
Further explore options for enhancing the risk assessment and management of suppliers both as part of and post the procurement process from a Modern Slavery perspective; and	<p>We have enhanced our purchasing process over 2020 through the implementation of our new GoSupply and SAP Ariba (IBuy) systems for the registration of suppliers and management of purchasing activity respectively. These systems are designed to ensure that all potential and actual suppliers for ScottishPower meet a minimum Sustainability standard, including in relation to human rights and labour issues. Our procurement teams are working closely with our existing supplier population to ensure that they meet the Standards expected.</p> <p>In 2020 we also developed a bespoke Modern Slavery risk assessment and trialled this in a limited number of purchasing activities, in order to assess the most effective and efficient way to do this as part of the wider supplier assessment. This assessment has facilitated the development of a focussed list of potential questions on the management of Modern Slavery risks, with the aim of incorporating this within our supplier registration process in order to enhance our existing due diligence. We will consider how best to implement this approach into 2021.</p>

In our 2019 Modern Slavery Statement we said that we would	What we did in 2020
Expand on indicators to better monitor progress against our Action Plan and to monitor the effectiveness of our approach to ensuring that Modern Slavery is not tolerated in any of ScottishPower's business activities or our supply chain.	<p>We have continued to take insight and expertise from Slave Free Alliance member seminars, to help enhance our knowledge and understanding of Modern Slavery risks.</p> <p>We have found this activity to be of particular importance in monitoring our activity, as it has helped to identify additional considerations that have been issues in other sectors and helped to expand our understanding of Modern Slavery and its impacts. In a similar vein, through 2020 we attended the Utilities Sector Modern Slavery Working Group meetings, in order to develop our awareness and keep abreast of latest news and developments on all related matters.</p> <p>In 2020 we introduced high level performance indicators on our Modern Slavery Activity to our Management reporting. We will look to develop these indicators as our activity plan develops.</p>

We have developed an action plan to support our continued improvement in this area, which incorporates our aims for 2021. 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.

In 2021 we will seek to:

1. Finalise our Modern Slavery Policy and Strategy, building on and enhancing the current action plan.
2. Provide further bespoke Modern Slavery training to relevant employees, particularly focussed on supplier management and to explore options for awareness for suppliers.
3. 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.
4. Promote 'Speaking Out' on key issues including Modern Slavery, to both our employee and supplier population.

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Further information is available on the ScottishPower website:
www.scottishpower.com



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