SP Distribution Annual Environmental Report

2024/2025

SP Energy Networks

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A message from our CEO

As we reflect on the past year, I'm proud to share the progress we've made in advancing our sustainability goals and delivering long-term value for our communities, stakeholders and the environment. Our commitment to building a fully sustainable networks business for people and planet is stronger than ever, and this report highlights the tangible actions we've taken to drive meaningful change.

This year, we launched our Countdown to 2035 campaign, marking the beginning of a 10-year journey toward achieving Net Zero greenhouse gas emissions by 2035. To date, the campaign has engaged over **3,000** employees, empowering our workforce to embed sustainability into their everyday operations. We also retained our ISO 14001 certification, reaffirming our commitment to environmental management and regulatory compliance.

Sustainability extends beyond our operations. This year, **65%** of our priority suppliers met our enhanced environmental standards. We were also pleased to see membership in the Supply Chain Sustainability School increase from 44% to **57%**, demonstrating the value our supply chain places on this partnership.

We've achieved a **39%** reduction in our Business Carbon Footprint (excluding losses) compared to our 2018/19 Science Based Target baseline. We continue to reduce fugitive emissions and electrify our operational fleet. Notably, we installed the innovative Sabre EcoTec ring main unit, which replaces SF_6 with synthetic air, significantly reducing the environmental impact of our network operations. This marks a critical step in our journey to decarbonise the grid.

We remain committed to delivering biodiversity enhancements across our network. This year, we piloted our approach to offsite enhancement in partnership with the Cheshire Wildlife Trust. Following an upgrade to an overhead line crossing the Trust's land, SP Manweb funded two enhancement schemes on the site - a wetland restoration and the extension of an existing wildflower habitat.

We've made significant progress in embedding circular economy principles across our operations. In 2024/25 we achieved a **94%** landfill diversion rate and our implementation of the Qflow tool has enhanced real-time waste tracking. Our new supply chain engagement plan and circular economy strategy will further drive resource efficiency and sustainable procurement.

Our teams have made remarkable strides toward building a fully sustainable networks business. The achievements I've highlighted reflect our unwavering dedication to sustainability and innovation.

However, our journey is far from complete. We remain committed to achieving our own sustainability goals whilst playing a pivotal role in delivering the Government's Clean Power 2030 mission and a cleaner, fairer, and more resilient energy future for all.

Nicola Connelly
CEO, SP Energy Networks

Highlights

Countdown to 2035

Our business is steadfast in its commitment to achieving our ambitious Net Zero GHG 2035 target. The ‘Countdown to 2035’ campaign, launched at the start of 2025, is designed to showcase our efforts through comprehensive internal and external communications. This campaign serves as a strategic platform to drive accelerated behavioural change, inspire aspirational solutions and encourage others to follow our lead. By highlighting our current achievements and identifying areas for further improvement, we aim to maintain transparency and authenticity in our journey towards Net Zero.

Running throughout 2025 and beyond, the campaign will have significant impacts both internally and externally. Internally, it will equip our staff with the necessary resources and knowledge to integrate sustainability into their daily activities, fostering a culture of shared success and responsibility. By empowering our workforce to drive innovative thinking, we aim to embed sustainability deep within our processes and projects. Externally, the campaign will communicate our ambitious goals and pragmatic approach to stakeholders, customers and communities, showcasing our commitment to a just transition to Net Zero. This dual approach ensures that we lead by example, building trust and demonstrating our leadership in the sustainability arena.

Highlights

Pioneering Progress: UK's First Lucy Sabre Ecotec Non-SF_6 Switchgear Energised by SP Energy Networks

Installed at a substation in our Mid-Cheshire district, the innovative Sabre EcoTec ring main unit (RMU) replaces SF_6 – a potent greenhouse gas – with synthetic air, significantly reducing the environmental impact of our network operations. This marks a critical step in our journey to decarbonise the grid.

Designed to meet UK distribution network specifications, the Sabre EcoTec RMU offers a seamless transition from traditional switchgear. It occupies the same footprint and can be directly mounted to transformers, eliminating the need for costly infrastructure adaptations. This makes it a practical and scalable solution for sustainable substation development.

This first installation is more than a technical achievement—it's a testament to our collaborative innovation. Our long-standing partnership with Lucy Electric has been instrumental in shaping EcoTec's design and functionality. Together with other UK distribution network operators, we've ensured the RMU meets both current operational needs and future demands, including integrated automation as standard.

Highlights

Winner of ‘Net Zero Heroes’ award at CeeD Awards

Scottish Business Climate Collaboration (SBCC), with ScottishPower as a core partner, has won the ‘Net Zero Heroes’ award at the 2025 CeeD (Centre for Engineering, Education and Development) Awards.

The SBCC was recognised for its pivotal role in promoting the benefits of a low carbon economy. One of their significant achievements is the development of the Climate Action Hub, a free and accessible tool that centralises various resources and tools. Stakeholder feedback during the development phase highlighted the need for such a centralised information bank, given the overwhelming number of resources available and the difficulty in verifying their accuracy. This tool is crucial in supporting SMEs on their journey to net zero, ensuring they have equal and fair opportunities when competing for contracts, which aligns with our Just Transition Strategy.

Highlights

Acquisition of Electricity North West

In March 2025, the UK Competition and Markets Authority (CMA) cleared the acquisition of an 88% shareholding in the electricity distribution network operator Electricity North West (ENW) by Iberdrola, S.A., through its subsidiary ScottishPower.

The acquisition is part of Iberdrola's strategy to strengthen its networks business in countries with strong ratings, such as the UK. Iberdrola, through ScottishPower, now becomes the second largest distribution network operator in the UK, delivering electricity to around 12 million people across a network spanning more than 170,000 kilometres.

SP Electricity North West will continue to publish an independent Annual Environmental Report for reporting year 2024/25.

Highlights

Migration to alternative fuel source – White Diesel to HVO

The transition to a more sustainable fuel source (HVO – Hydrogenated Vegetable Oil) within our strategic generator hire framework has been a great success, yielding positive returns and supporting the overall business strategy as we strive towards Net Zero Greenhouse Gas. Overall, we estimate that we will save more than 6,000 tCO_2e over the course of RIIO-ED2 – equivalent to more than 2,000 household's emissions for a year. The price of HVO is now comparable with diesel alternatives and has been trending downwards year on year complementing the success of the strategic decision to migrate to a more sustainable fuel source.

Purpose of this Report

This Distribution Annual Environmental Report for regulatory year 2024-25 (1st April 2024 to 31st March 2025) published on 30th October 2025 provides a comprehensive update of our performance against key metrics and our ongoing progress to deliver our RIIO-ED2 Environmental Action Plan commitments. It sets out our key activities to progress these commitments and gives examples of how we are supporting the societal transition to a low-carbon economy whilst seeking to minimise our impacts on the environment.

Who we are

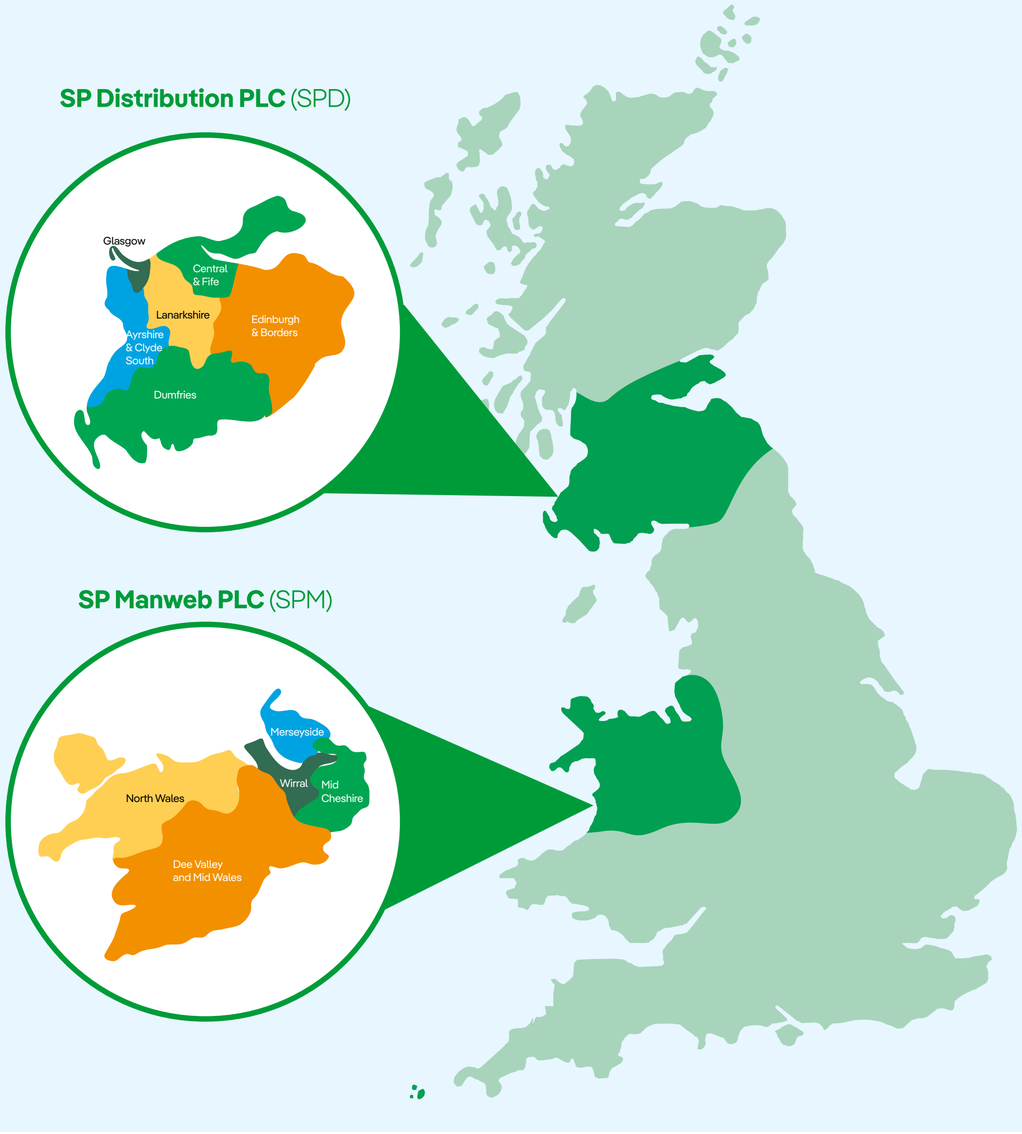
SP Distribution plc (SPD) and SP Manweb plc (SPM) are wholly owned subsidiaries of SP Energy Networks. SP Energy Networks is a subsidiary company of ScottishPower UK plc, which is in turn part of the Iberdrola Group, one of the world's largest sustainable utility companies and a Dow Jones Sustainability Index and Global 100 listed company. It's our job to move electricity to and from homes and businesses over our network. We operate in three of the UK's largest cities (Liverpool, Glasgow & Edinburgh) accounting for 1.6m (43%) of our customers, as well as three significant rural areas (North Wales, Scottish Borders and Dumfries & Galloway). Our highly trained and specialist staff work 24/7 to maintain the performance and safe condition of our electricity network, respond to customer enquiries and restore the supply as quickly as possible when a fault occurs on the network. Please visit our website for more information: What We Do - SP Energy Networks

Metrics

34,000
substations

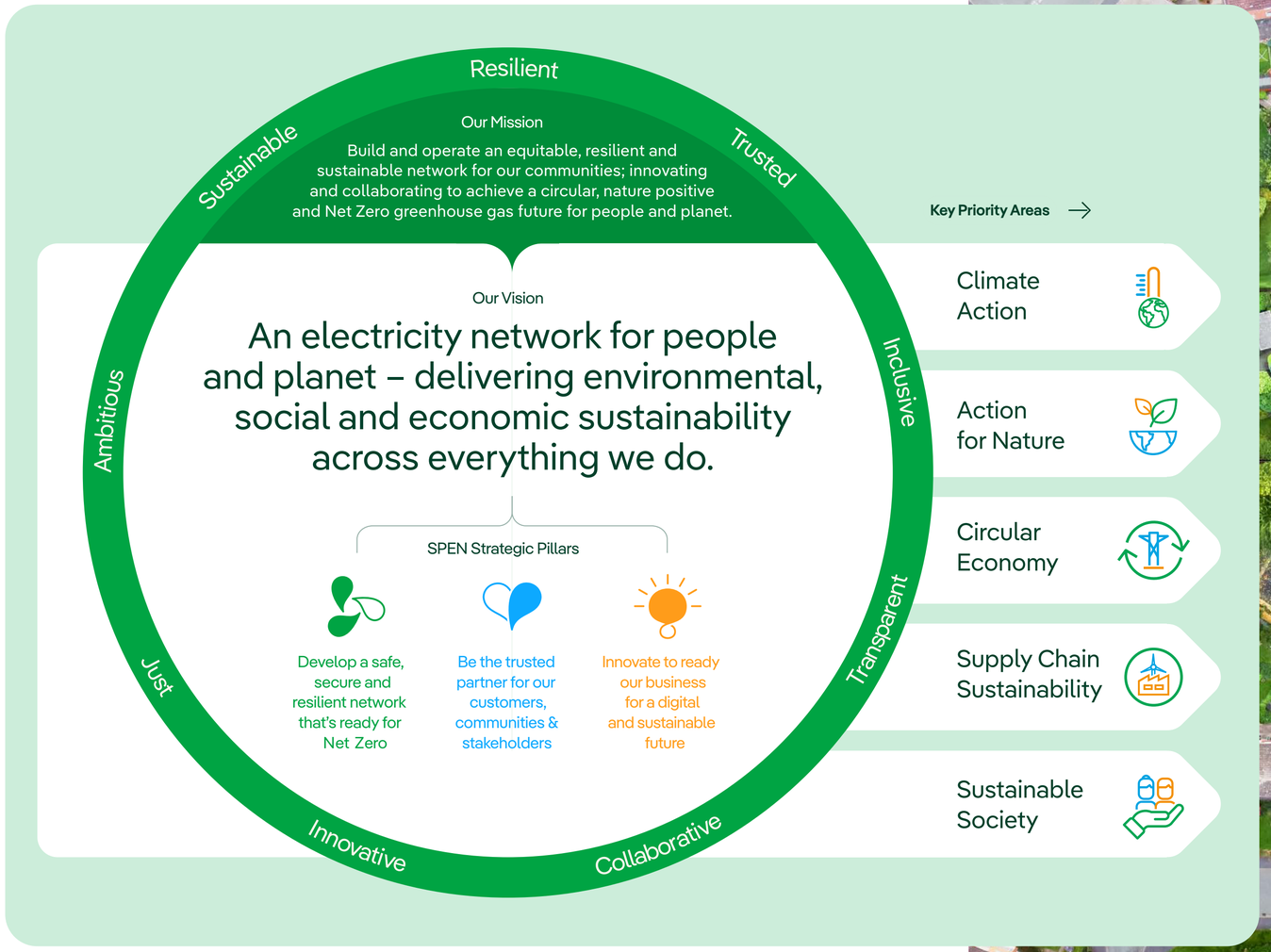
38,000km
of overhead lines
(once around the globe)

70,000km
of underground cables



Sustainable Business Strategy

A sustainable electricity network connects renewable energy from generators to consumers. Whilst SP Energy Networks distributes energy from all sorts of generators, we are building the network to facilitate more renewable generation to meet the UK's Net Zero GHG ambitions. While building and operating our network to deliver renewable energy, we must ensure that our operations are sustainable from an environmental, social and economic perspective. Our Sustainable Business Strategy has been developed through several years of collaboration with our stakeholders and is regularly updated in response to internal and external policy developments. Our aim in publishing this Strategy is to develop and share our approach to meeting the climate and biodiversity emergencies while delivering social, environmental and economic value to our customers and stakeholders.



Our Sustainability Priorities

We have a clear picture of our sustainability impacts through:

- Stakeholder engagement
- Our environmental management system
- Delivery of our actions to date.

From these impacts, we have created five priority areas for action, identified by the icons in this graphic.

Click here to access all SP Energy Networks Sustainability Reports and Publications.

Our Roadmap to a Sustainable Network

The roadmap below shows our sustainability goals and targets on our journey to 2040

ED2 — Electricity Distribution price control

T2 — Electricity Transmission price control

T3 - Electricity Transmission price control

2023

- Divert 95% of waste from landfill
- Just Transition Strategy published
- *Carbon neutrality for Distribution emissions beginning 2023 (excluding losses)

2024

- Set Circular Economy targets

2025

- Elimination of PCBs from our network

2026

- 80% of Transmission suppliers meet our enhanced environmental standards

2027

2028

- Top 5 ranking UK companies in Institute of Customer Services Benchmark
- No net loss of biodiversity across our activities
- 80% Distribution suppliers set Science-based targets (or equivalent)

2029

2030

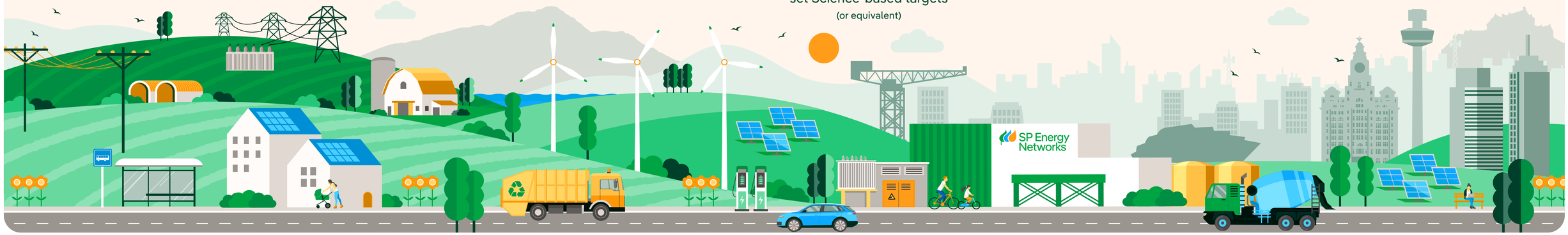
- 100% of waste reused or recycled
- Nature Positive for direct impacts
- Decarbonise 100% of our cars and vans
- Buy and use 50% low emission steel
- 80% reduction in our business carbon footprint (excluding losses)

2035

- Science-based Net Zero greenhouse gases

2040

- Zero Waste business



UN Sustainable Development Goals

As part of the global Iberdrola group, we align with the United Nations Sustainable Development Goals (SDGs) and actively use the SDGs to guide the development of our business plans and strategies.

As an electricity network operator, our core reason for being focusses on enabling the connection of clean energy generation to our network and transporting this to end users. Therefore, our greatest contributions are to goals:

When considering the breadth of our activities in areas such as Net Zero GHG work and skills, network construction and maintenance, working collaboratively, diversity and inclusion, digitalisation and customer service we make a significant contribution, directly or indirectly, to the wider SDGs. Through internal and external collaboration, we mapped the SDGs to our key sustainability priorities, at the centre of our SDG wheel. The long SDGs on the infographic represent our direct contribution, and the shorter indirect. As our supply chain contributes to each of the 4 priority areas in the infographic, it has not been mapped separately. Our supply chain accounts for many of the indirect contributions.

The mapping exercise also identified areas of opportunity to enhance our contribution to the SDGs:

- Climate change resilience: integrated in our Climate Action and Action for Nature Priorities
- Water efficiency and protection: integrated in our Circular Economy and Action for Nature Priorities.
- Sustainable Society and Circular Economy: distinct priority areas

SDG & Key Priority Area Mapping

Commitments update

R Red - at risk and highly likely to be unachievable

A Amber - delayed but still likely to be achieved

G Green - on track and progressing as planned

We have numerous, ambitious RIIO-ED2 commitments which span across our Key Priority Areas, the 26 Principal Commitments are listed below. The progress towards meeting these commitments is also highlighted within the relevant sections of this report and more details on all 71 commitments can be found on page 83. List of high-level commitments as per below table:

Sustainable Society

Supply Chain Sustainability

Climate Action

Action for Nature

Circular Economy

Key Priority Area	Commitment	Units	Target	Actual	RAG	Status Update
Sustainable Society	We will publish our Just Transition Strategy by the start RIIO-ED2. We will embed the principles of a Just Transition into our business planning throughout RIIO-ED2 and continue to engage our customers and stakeholders to understand local needs. We will review our progress via an independent annual review.		Annual review	Annual Review Published	G	Our Just Transition Strategy was published in March 2023. Our first annual report was published in Q2 2024.
	We will embed environmental sustainability considerations in our business processes whilst maintaining and continually improving our ISO14001 certified Environmental Management System. This will enable us to achieve 'beyond compliance' environmental performance and our sustainability goals.		Yes	Yes	G	During regulatory year 2024/25 SPEN maintained our certification of ISO14001 with an external recertification audit of our Environmental Management System. We are continuing to embed the recommendations and opportunities from this report into our internal systems
	We will continue to provide transparent reporting of our environmental and sustainability performance by publishing an annual report of our progress against all environmental and sustainability commitments – in line with metrics and a format developed in collaboration with the other DNOs.		Report Published	Report Published	G	An Annual Environmental Report has been created providing an update on progress towards meeting our commitments to stakeholders. The report provides a narrative update, case studies and relevant KPIs to present our performance against targets.
	We will improve the quality of environmental data collected and analysed at all stages of the asset lifecycle, investing in enhanced IT systems and formalising data sharing collaborations with key stakeholders.		Publication (internal) of Data Strategy	Data Strategy published	G	The Sustainability Data and Reporting Strategy has now been published internally. This strategy provides a framework for data quality improvements over the ED2 period. It also incorporates our strategy for digitalisation of sustainability data to automate data collection and standardise and simplify reporting.
	We will continue to ensure that our staff, contractors and suppliers have the skills and knowledge to allow us and our supply chain to move beyond compliance and achieve our Sustainability Goals, by identifying and ensuring delivery of appropriate environmental training.	%	90%	76%	A	For calendar year 2024 76% of staff environmental training was delivered, falling short of our 90% target, however we expect to be back on track in 2025/26. 57% of our priority suppliers are registered with the Supply Chain Sustainability School which provides access to training resources and other materials necessary for our supply chain to up-skill and to meet our sustainability standards.
Supply Chain	We will further enhance environmental sustainability standards and performance metrics in our contracts by 2023 and will collaborate with our supply chain to target more than 80% of RIIO-ED2 suppliers (by value) meeting these standards.	%	32%	65%	G	65.5% of our Distribution suppliers (by value) meet our environmental sustainability standards. We will continue to engage to increase this in line with our commitment

Commitments update (cont.)

R Red - at risk and highly likely to be unachievable
A Amber - delayed but still likely to be achieved
G Green - on track and progressing as planned

Key Priority Area	Commitment	Units	Target	Actual	RAG	Status Update
Climate Action	We will deliver efficient and economic actions to reduce our scope 1, 2 & 3 business carbon footprint by 67.2% by 2035 from a 2018/19 baseline, in line with validated Science-Based Targets aligned to a 1.5°C pathway.	Scopes 1 & 2 (excl. Losses, including Business Travel) % reduction from 18/19 baseline	-25%	-39%	G	The most significant reductions from our 2018/19 baseline have been driven by decreased emissions from depot and substation energy use, as well as the introduction of HVO as a replacement for diesel. Scope 3 emissions currently account for approximately 49% of our total emissions. To consolidate our progress and future direction, we have developed a comprehensive Net Zero Transition Plan. This plan outlines SPEN's ambition to achieve Net Zero by 2035 and details the strategic steps required to reach this goal. It demonstrates our commitment to holistic thinking and evidence-based planning, ensuring our targets are both ambitious and achievable.
	We will minimise our carbon footprint to achieve Net Zero carbon by 2035.	tCO_2e (Sc 1+2 excl Losses)	16,449	13,485	G	We have reduced business carbon footprint emissions in line with the trajectory towards our 2035 Net Zero GHG target. However, we expect our overall emissions reduction trajectory to be non-linear. This means some parts of our carbon footprint may decarbonise in line with the 2035 Net Zero pathway, some may decarbonise faster, and others may lag. The focus is on the overall outcome, meaning any shortfall in one area must be balanced by greater reductions in another.
	We will achieve Carbon Neutrality by 2023 for our Scope 1 & 2 business carbon footprint excluding Losses.	tCO_2e offset	21,468	0	A	We did not offset our emissions in the second year of RIIO-ED2, as we are currently developing a framework that aligns with the evolving carbon offsetting market. Once this framework is established, we intend to retrospectively offset emissions from both the first and second years of RIIO-ED2 in subsequent reporting periods.
	We will decarbonise our operational fleet by 2030, replacing 100% (over 800) of our cars and vans with electric alternatives in line with the Iberdrola EV100 commitment and will seek to further accelerate this to 2028.	%	91%	5%	R	We have replaced 41 of our petrol / diesel cars and small vans with electric alternatives to date. We are behind our target; electric alternatives to our larger vans which must travel long distances and carry heavy loads are not yet commercially available. We are working with our fleet teams to accelerate the transition to electric vehicles where we can during RIIO-ED2 and as such 89 EVs will be rolled out between August - December 2025 and we expect the number of EV's to increase as deliveries commence at the end of 2025.
	We will reduce our SF_6 leakage by 10% over the RIIO-ED2 period compared to RIIO-ED1.	%	6%	17%	G	During the regulatory year 2024/25, we bettered our second year target of a 5% reduction in SF_6 leakage. The recorded SF_6 leakage was lower than the amount needed to meet this 5% reduction target. As a result we exceeded our target as the less we leak, the higher the percentage reduction. It is important to note that the reported leakage pertains solely to SF_6 used for top-ups and does not account for any disposals.
	We will analyse our generator use and set targets for reduction in carbon emissions to be achieved by end of RIIO-ED2.	$kgCO_2e$ per MWh	216	64	G	We have set a target to reduce generator emissions per MWh of power supplied by 76% by the end of RIIO-ED2. We are targeting a linear reduction towards our target. We are ahead of our target for 2024/25.
	We will continue to purchase green electricity through a 100% UK-based renewable energy tariff backed by Power Purchase Agreements (PPA) for all our buildings. Beyond this, we will reduce our buildings and substations energy consumption by a minimum of 15.2GWh (8%) over the RIIO-ED2 period.	GWh	0.5	0.5	G	The GHG emissions from Buildings electricity was almost zero in 2024/25 as the electricity we purchased was through a REGO tariff backed by Power Purchase Agreements (PPA). Energy efficiency measures were carried out on 342 substations, the works included replacement of all heating, lighting and controls to bring into line with the latest Civil specification. These updates have resulted in cumulative savings of 0.48GWh for the first two years of ED2. For offices and depots, no energy efficiency works have been carried out yet, but we anticipate that refurbishment works will shortly proceed within 3 of our strategic offices and depots and 3 new build offices are planned during the RIIO-ED2 price control for SPD.

Commitments update (cont.)

R Red - at risk and highly likely to be unachievable
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G Green - on track and progressing as planned

Key Priority Area	Commitment	Units	Target	Actual	RAG	Status Update
Climate Action	In RIIO-ED2, we will continue to implement our Losses Strategy to avoid an estimated 36 GWh of network losses, thereby limiting losses to a lower level than would otherwise be the case.	GWh	4.4	2.0	A	We are proactively mitigating technical losses increase through our programme of replacement of high loss transformers. These transformers are fullly financially depreciated, but would otherwise not be replaced under a condition or risk-driven lifecycle program for 10+ more years. Progress is on target, with (596.21 MWh (SPD) + 338.22 MWh (SPM) = 934.43 MWh) mitigated through transformer replacement in 2023-2024, and (1529.93 MWh (SPD) + 497.2 MWh (SPM) = 2027.13 MWh) in 2024-2025, totalling 2961.56 MWh (or 2.96 GWh) over these two years through high loss transformer replacements alone.
	We will continue to implement our 2021 Business Travel Policy to reduce business travel emissions by at least 580 tCO_2e during RIIO-ED2.	tCO_2e saved	116	117	G	The implementation of our Travel Policy has led to approximately 51% reduction in combined miles travelled by rail and domestic flights (using 2019/20 as a baseline year). We estimate that this has led to a savings of 117 tCO_2e in 2024/25 and a cumulative savings of 249 tCO_2e since the beginning of ED2
	We will require strategic suppliers to set Science-Based Targets within 5 years, aiming for 80% of our supply chain by value.	%	32%	34%	A	We have seen a decrease from 44% to 34% to date, we will be holding engagement sessions with our supply chain leads to discuss how to move towards 80%
Action for Nature	We will continue to target zero environmental regulatory interventions and notifiable breaches.	No.	0	4	R	There were 4 regulatory interventions/notifiable breaches in 2024/25, however no further enforcement actions or undertakings resulted.
	We will implement Pollution Prevention Plans at 100% of our RIIO-ED2 132kV projects.	%	100%	100%	G	We have set a target to implement pollution incident response plans in all of our 132kV projects in SPM and we achieved this in the 2024/25 reporting period
	We will reduce the volume of fluid (oil) used to top up our pressurised cables by around 3,490 litres (10%) by replacing 19.429km of our leakiest fluid filled cable.	km	9.715	2.400	A	The next cable modernisation project(s) for Kirkby and Bootle Circuits are in the RIIO-ED2 plan and programmed for sectional completion starting in late 2025, with completion in 2027. This will reduce and continually improve our leakage rate. 2.4km of cables were replaced in 24/25 this was in addition to the Kirkby-Bootle replacements.
	We will continue to proactively minimise the impacts of noise resulting from the construction, maintenance and operation of our electrical infrastructure and take timely action to rectify noise complaints from our plant and sites.	No.	6	40	A	We received 40 noise complaints in the 2024/25 reporting year, these were investigated and fully rectified. Through compliance with our Noise Management Procedure, we are continuously educating colleagues on how to better manage noise.
	We will eliminate PCBs from our network by the end of 2025, in line with legislation and the risk-based industry approach agreed with the environmental regulators.	No. of assets changes	6,731	4,368	A	Work is progressing on the planned removal of PCB contaminated (or potentially contaminated sealed) assets to ensure that we meet the given deadline of 31 December 2025 for the removal of these assets from our Distribution network. In line with our plans, developed via the Energy Networks Association PCB Working Group, we are continuing to identify contaminated equipment. This Contaminated Equipment Disposal Plan involves a challenging rate of equipment replacement, and we are intending to comply with the deadline.

Commitments update (cont.)

R Red - at risk and highly likely to be unachievable
A Amber - delayed but still likely to be achieved
G Green - on track and progressing as planned

Key Priority Area	Commitment	Units	Target	Actual	RAG	Status Update
Action for Nature	We will use low carbon alternatives to concrete bunding for our RIIO-ED2 retrofit projects where technically feasible.	No.	TBA	59	G	We have used lower carbon concrete on 59 of the projects for the RIIO-ED2 period in Primary Projects, for Plinths / Bunds. (Concrete mix that contains 40% Ground Granulated Blast Furnace Slag (GGBS) replacement for Portland cement). These projects were split across transformer bund replacements and new cable cell installations for 33Kv switchgear mainly.
	We will deliver 10% enhancement of biodiversity on 25 hectares across our existing network, on our non-operational land and existing linear infrastructure through collaboration with landowners, communities and local wildlife groups.	hectares	5	19.62	G	In year two of RIIO-ED2 we undertook a pilot project to test out enhancing biodiversity within the vicinity of our distribution Overhead Line (OHL) assets in Cheshire, in partnership with the Cheshire Wildlife Trust. At the trusts home at Bickley Hall farm we were able to collaborate on two projects - one to enhance habitat for Pollinators and one to extend an area of wetland to improve habitat availability for waders. We also continued to develop a pipeline of enhancement options on our own non-operational land in and around substations, and plan to work across 2025/26 to deliver a programme of works in partnership with our grounds maintenance framework.
	We will remove 35km of overhead lines in Areas of Outstanding Natural Beauty, National Parks, and National scenic areas	km	4.0	2.7	A	In SPM, during 2024, we've completed visual amenity works in Abergwynnant and work continues to be completed at Rhos Mynach, in Angelsey. During 2025 and 2026 we will begin works on a number of projects in Anglesey, Denbighshire and the Llyn Peninsula. SPD have a smaller number of designated visual amenity areas than SPM so only have one major named project for ED2, Holy Island. Physical works have not yet commenced on this project due to a complicated consents process but it is still expected to be completed within the ED2 period. SPD have some smaller projects within the Dumfries and Galloway District which are focusing on Low Voltage Overhead Lines within villages in visual amenity areas.
Circular Economy	We will divert 100% of our waste from landfill by 2030, excluding compliance waste.	%	96%	94%	A	In calendar year 2024 we diverted 94% of our direct and operational/construction waste from landfill, just short of the trajectory required to achieve 100% by 2030. We have marked this as amber in our RAG status but have a plan to get this back on track to meet the 2030 target. Part of our strategy is to increase supply chain engagement and focus on areas where waste is going to landfill. Our improved system to see how are waste is being managed will help us take a more targeted approach. This information also guides our engagement with the waste industry and regulators to encourage waste minimisation.
	We will establish a baseline and targets for waste reduction per £1m of total annual expenditure, to be achieved by the end of RIIO-ED2 and 2030 in line with our zero waste to landfill date.		TBA	In Progress	A	Baseline being established, targets to be set during 2026.

Performance Dashboard

Climate Action

39% ↓
Reduction in Scopes 1 & 2 including Business Travel (excl. losses) from 2018/19 SBT baseline

3% ↓
Decrease in business carbon footprint (excl. losses) from last year

15% ↑
Increase in SF_6 emission from last year

2,027 MWh ↑
Losses Avoided

Supply Chain Sustainability

GOLD
SUPPLY CHAIN SUSTAINABILITY SCHOOL
Supply Chain Sustainability School partner

65% ↑
Suppliers (by value) meeting our enhanced environmental standards

SCOTTISH BUSINESS CLIMATE COLLABORATION
Development partner for Scottish Business Climate Collaboration

34% ↓
Suppliers with Science-Based Targets

Sustainable Society

11% ↑
Gender pay gap

93% –
AA1000 AccountAbility Stakeholder Engagement Performance

2.7 km ↓
Overhead lines undergrounded for visual amenity

bsi. ISO 14001 Environmental Management
ISO14001 EMS certification

Circular Economy

94% ↑
Waste diverted from landfill

Action for Nature

100% –
Pollution prevention plans implemented on 132kV projects

4 ↑
Reportable environmental incidents

→ Green arrow: improvement from prior year

→ Red arrow: deterioration from prior year

↑ Up arrow: increase in value

↓ Down arrow: reduction in value

– Dash: no change

Delivering a more sustainable network

Our vision is to be an electricity network for people and planet – delivering environmental, social and economic sustainability across everything we do. We embed the principles of sustainability in our decision-making. We work with our stakeholders to efficiently manage and develop our networks in support of the low-carbon transition, and to achieve neutral or positive environmental and social impacts. Our actions to become a sustainable networks business will drive our supply chain and support our customers and communities to become more sustainable. During the remainder of RIIO-ED2, we will continue to drive industry-wide collaboration for the benefit of all customers and will keep engaging our environmental stakeholders through our Sustainability Stakeholder Working Group.

Sustainable Society

Supply Chain Sustainability

Climate Action

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Sustainable Society

Achieving the sustainability step-change

Our sustainability initiatives are built on a robust foundation of environmental management and compliance. We are dedicated to adhering to environmental regulations and preventing pollution, with integrated processes to ensure these standards are met in all our business activities. Our long-standing certification to the ISO 14001 International Standard for environmental management, which we have held for over a decade, underscores our commitment to these principles.

Status update

During regulatory year 2024/25 SP Energy Networks maintained certification to ISO14001 with an external recertification audit of our Environmental Management System. We are continuing to embed the recommendations and opportunities provided in the audit report into our internal systems.

We refined our Stakeholder Engagement Strategy by establishing nine targeted workstreams, developed collaboratively with our Independent Net Zero Advisory Council (INZAC) and internal leadership, to align with stakeholder interests and business operations. Each workstream was supported by a dedicated INZAC “buddy group,” enabling informed, balanced discussions and more effective scrutiny and constructive challenge of strategies and activities.

We have continued to roll out internal ‘Leading with Sustainability’ and ‘Managing with Sustainability’ training courses to increase our leaders’ and managers’ understanding of sustainability, our commitments as a business and what role they can play in turning these commitments into a reality. Between April 2024- March 2025, 64 senior managers and members of the executive team from across our business have taken part in this training. This is aligned to our Executive Team Transformation Milestones, which are designed to promote leadership of sustainability principles and integrate these across all levels of the organisation.

For calendar year 2024, 76% of staff have taken part in environmental training, falling short of our 90% target. We are continuing to partner with the Supply Chain Sustainability School to provide training to our staff, contractors and supply chain and we continue to hold Gold status. We are pleased to see an increase in priority suppliers that are registered with the Supply Chain Sustainability School up from 44% in 2023/24 to 57% in 2024/25.

In September 2024, SP Energy Networks published its first Just Transition Report which summarised the steps we have taken so far to embed the principles of a fair and equitable transition into everything we do. It outlined the methods we have taken to embed new ways of working, along with showing case studies on how we are supporting customers and enabling a transformational change to ensure a more sustainable future for all.

This year, we have been developing Key Performance Indicators (KPIs) for each of our four Just Transition Principles. These KPIs are being established to provide clear, measurable benchmarks that will help us track progress, ensure accountability and guide continuous improvement in delivering our commitment to supporting a fair and inclusive transition.

Additionally, we held an internal workshop to ensure our Just Transition Principles are still fit for purpose. The workshop was supported by an external facilitator and a member of our INZAC was in attendance, bringing a wealth of experience and expertise to the discussions.

Key outcomes from this workshop:

- Our four Principles are still fit for purpose and are aligned to our just transition commitments
- The four Principles cover the just transition areas we can influence and control as a network business
- Our partnerships have a crucial role in delivering our just transition commitments
- Internal and external collaboration is key to further embed our principles.

Case Study -
Empowering our workforce to achieve our Sustainability Goals

In January 2025, we kicked off our ‘Countdown to 2035’ campaign, marking the beginning of a 10-year journey towards achieving Net Zero GHG emissions by 2035. This initiative builds on the momentum of our successful ‘Year of Sustainability’ campaign from 2023-2024. The campaign's goal is to empower our workforce with the knowledge, tools and resources necessary to integrate sustainability into all aspects of their work. Our employees play a vital role in driving sustainable practices within our processes and projects.

Throughout the campaign, our employees are encouraged to share and celebrate their sustainability achievements, no matter the size. While our 2035 target is ambitious, it is essential to drive accelerated change, support aspirational goals and inspire others to follow our lead. This campaign serves as a platform to showcase our current sustainability efforts and identify areas for further improvement.

Campaign Successes to Date:

- We have established a brand identity centred around SP Energy Networks’s five sustainability priority areas, ensuring consistency in our annual reports and clear identification of campaign materials.
- To date, the campaign has been communicated to over 3,000 employees with over 250 employees engaging with tools and resources
- The campaign has received strong support from SP Energy Networks leaders, ensuring clear and unified messaging
- This campaign has helped increase knowledge across topics such as SF_6, waste management, Just Transition and some of our nature initiatives.
- We have positioned the content to be focused on ‘what this means for the reader’ to support employees to feel empowered that they can make a difference in their role.

Commitments

Commitment	RAG
We will embed environmental sustainability considerations in our business processes whilst maintaining and continually improving our ISO14001 certified Environmental Management System. This will enable us to achieve 'beyond compliance' environmental performance and our sustainability goals.	G
We will continue to ensure that our staff, contractors and suppliers have the skills and knowledge to allow us and our supply chain to move beyond compliance and achieve our Sustainability Goals, by identifying and ensuring delivery of appropriate environmental training.	A
We will embed a process for Initial Environmental and Sustainability Reviews (IESRs) for all relevant projects, to identify potential environmental issues and opportunities at the earliest stage.	G
We will publish our Just Transition Strategy by the start RIIO-ED2. We will embed the principles of a Just Transition into our business planning throughout RIIO-ED2 and continue to engage our customers and stakeholders to understand local needs. We will review our progress via an independent annual review.	G

Metrics

Year		2023-2024	2024-2025
ISO14001:2015 certification	Certification	Yes	Yes
Training Plan Delivery Staff	Completion %	99%	76%
Training Plan Delivery Contractors	% priority suppliers registered with SCSS	45%	57%

Supply Chain Sustainability

Having a strong relationship with our supply chain is essential for the successful delivery of our sustainability plans. Our diverse suppliers offer various services throughout the lifecycle of assets, from design to disposal. We collaborate with our suppliers not only to ensure safe, efficient and compliant works but also to minimise environmental impacts, deliver enhanced environmental standards and promote industry-wide environmental best practices. We are fortunate to have a wide range of expertise and services within our supply chain.

Status update

We recognise the importance of creating a supportive environment and strong relationships to enable collaborative working between SP Energy Networks and our supply chain. To foster this, we are creating an in person and online Sustainability Forum to communicate our needs, understand our supply chain's achievements and challenges and provide learning opportunities and support. Through collaborating with our supply chain on areas of challenge and innovation we will embed a partnership approach to deliver supply chain sustainability benefits. Supply chain engagement is a critical component for the delivery of carbon reduction, circular processes, nature protection and enhancement and positive societal impact.

We have invested in a new and innovative software package to track waste from and deliveries to our sites and to give us the data on new metrics such as carbon emissions per £m spend on projects. We are working to evolve that system to inform actions to reduce waste production and the embodied carbon emissions of our materials.

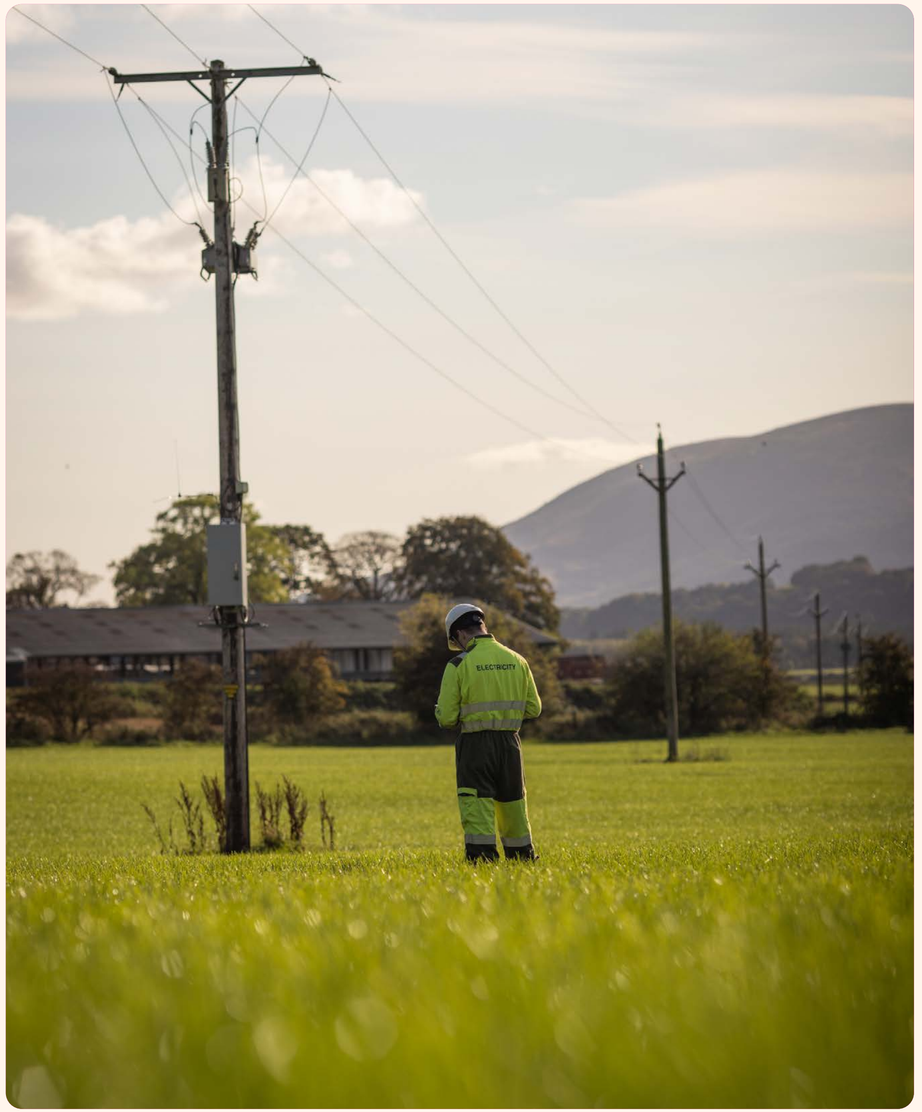
We use our enhanced environmental supplier standards to enable us to benchmark the progress of our priority suppliers in incorporating sustainability into their businesses. These standards include:

- GoSupply Platform assessment – used to assess suppliers' environmental, social and governance (ESG) performance through a structured, scored questionnaire.
- Supply Chain Sustainability School membership –a free to access learning platform that helps evaluate and improve suppliers' sustainability knowledge and capabilities.

We have assessed the top 80% (by spend) of our supply chain, and 66% are meeting our enhanced environmental standards in SPM and 65% in SPD. This puts us on track to meet our target of 80% by the end of RIIO-ED2. We have recorded a slight decrease in the percentage of our top 80% of suppliers that have Science-Based Targets (SBTs), however we are working with suppliers that have previously held these to reset them. We will also work with new suppliers that are yet to set SBTs and encourage them to do so. We recognise that there is a significant proportion of our supply chain that are SMEs and may require additional support to set SBTs. Our work with the Scottish Business Climate Collaboration on the Climate Hub tool for SMEs sought to provide such support. We will continue to focus on this area for 2025/26 and the rest of RIIO-ED2. We are pleased to see an increase in priority suppliers that are registered with the Supply Chain Sustainability School up from 44% last year 2023/24 to 57% in 2024/25.

We continue to maintain Gold partnership status with the Sustainability Supply Chain School. This membership provides training resources and other materials necessary for our supply chain to up skill and to meet our sustainability standards. This year we hosted events for our supply chain and staff on green steel and biodiversity improvements. Both SP Energy Networks and our suppliers realise significant benefits from access to these quality training materials. We will continue to take action on topics of interest to our supply chain and plan to co-host a webinar on onsite reuse of construction materials in 2025/26 with an industry leader in construction. The increase in membership of our priority suppliers is an indication of the value they see in this resource.

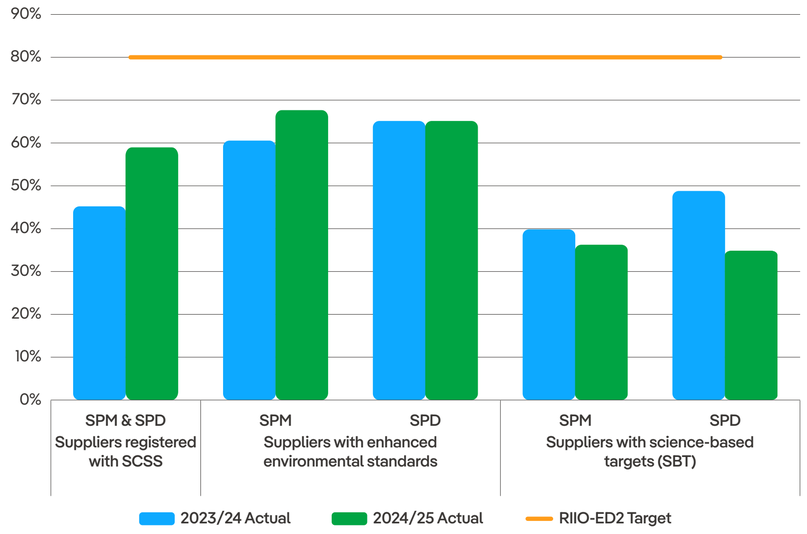
To deliver our commitment to engage with suppliers throughout contracts to optimise benefits and reduce environmental impacts, we will continue to engage to allow suppliers to propose additional and/or innovative solutions to drive further improvements such as reductions in GHG emissions and waste and biodiversity enhancement. This will continue to be embedded into our monthly contract meetings with our supply chain. In 2025/26 we will be conducting a pilot on biodiversity improvements in vegetation management and inviting our suppliers to propose innovative approaches to grounds maintenance.



Commitments

Commitment	RAG
We will further enhance environmental sustainability standards and performance metrics in our contracts by 2023 and will collaborate with our supply chain to target more than 80% of RIIO-ED2 suppliers (by value) meeting these standards.	G
We will increase consideration of environmental sustainability in our procurement processes in line with ISO20400 Sustainable Procurement Standard, including a carbon metric as a minimum.	G
We will continue to be a Supply Chain Sustainability School Partner, requiring contractors and suppliers for all new contracts to become members and undertake relevant sustainability and environmental training.	G
We will engage with suppliers early in the development of projects to enable them to propose environmental improvements at concept and design stages.	G
We will engage with suppliers throughout the duration of their contracts to continue to reduce impacts and optimise benefits.	G
We will require strategic suppliers to set Science-Based Targets within 5 years, aiming for 80% of our supply chain by value.	A

Metrics



Climate Action

The most impactful way for SP Energy Networks to mitigate climate change is by connecting low-carbon technology to decarbonise the UK electricity system. While we do this, we must also reduce the carbon footprint of our business operations and make sure our network is resilient to the effects of climate change.

Our targets for decarbonising our network are intentionally challenging. To achieve them, we need transformation at every level of our business and in our supply chain.

Greenhouse Gas Emissions

Since 2013, we have annually published our Business Carbon Footprint (BCF), providing transparency on the emissions we directly control and influence. This reflects our dedication to environmental stewardship and accountability.

In 2022, we reaffirmed our commitment to addressing climate change by setting validated Science Based Targets (SBTs) for all direct and indirect emissions, aligning with the Paris Agreement to limit global warming to 1.5°C. This validated target committed us to reducing our Scope 1, 2, and 3 carbon emissions by 67% by 2035 which made us the first major network operator in the region to have a science-based target validated by the SBTi.

Building on this momentum, we have now set an even more ambitious target, to achieve Net Zero greenhouse gas (GHG) emissions by FY2035. This includes a commitment to reduce emissions across all scopes by at least 90%, with an interim target of a 67.5% reduction by FY2030, using a FY2018 baseline.

We have recently collaborated with consultants from Planet Mark to consider these near and long-term targets and to develop a Net Zero GHG Transition Plan. This work has now been completed, and we will be submitting our Net Zero GHG Targets for validation by the Science-Based Targets Initiative (SBTi). We anticipate receiving validation in due course.

Our emissions reporting follows the GHG Protocol and is categorised into three scopes:

Scope 1: Direct emissions associated with fuel used, SF_6 and other refrigerant gas leakage which occur from assets we own or control.

Scope 2: Indirect emissions associated with either energy consumed in assets we own or control, and electricity lost as we transport electricity from supply to our customers.

Scope 3: All other emissions which occur as a result of our activities. These are upstream emissions predominantly associated with our supply chain.

Status update

Our BCF emissions (Scope 1 & 2, excluding losses) have decreased by approximately 3% from last year. We are on track to reach our medium-term target of an 80% reduction in BCF emissions by 2030 (set in 2013/14).

The most significant reduction this year was due to the continued introduction of Hydrogenated Vegetable Oil (HVO) to replace diesel in mobile generators (used provide temporary power to consumers). While SF_6 gas leakage was similar to last year's levels, and leaks from disposed assets decreased in SPD, leaks from disposed assets in SPM increased. SPM has worked with our scrap contractor to increase the frequency of degassing disposed assets once in the contractor's care, reducing the time lag in receiving data for the SF_6 recovered and reducing the risk of our disposed asset leaking prior to the degassing process.

Overall emissions associated with losses increased by 14%. This was driven by two factors:

1. An increase in amount of electricity distributed during the year
2. An increase in the overall electricity lost during energy transfer from the grid to where it is used, including theft.

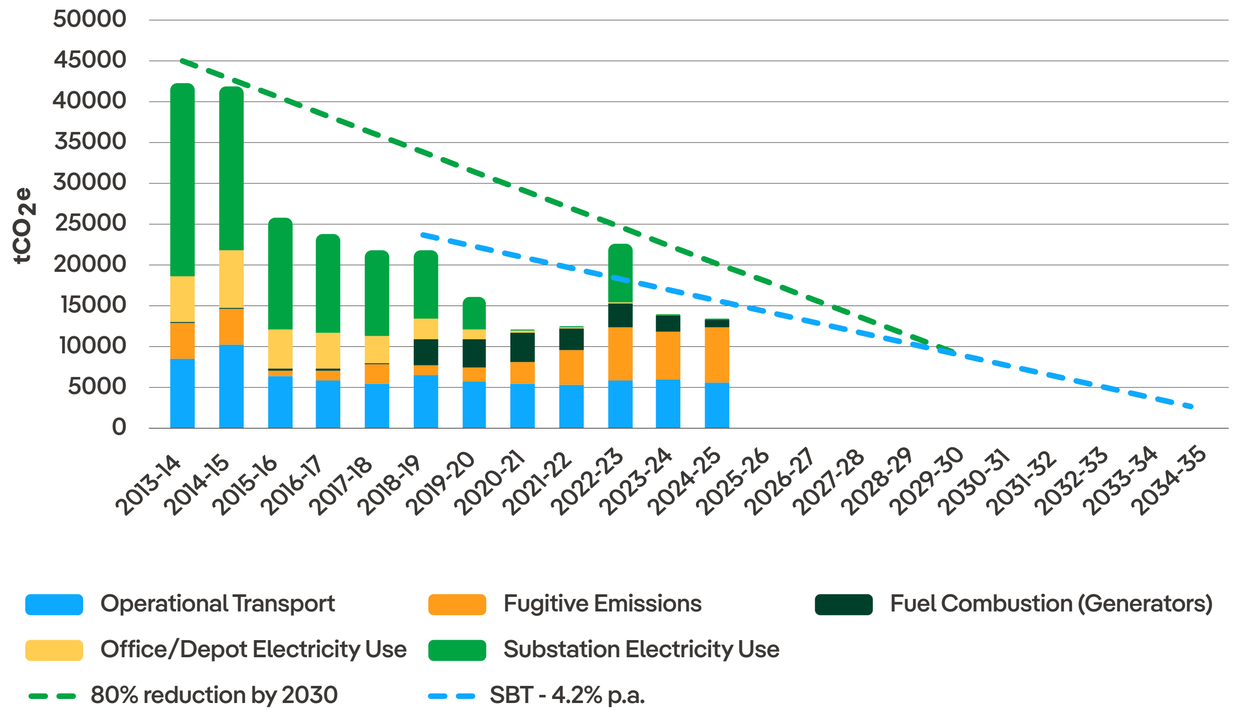
These factors beyond our direct control have contributed to us not achieving Planet Mark certification this year which requires a 5% reduction in Scopes 1 & 2 including losses). We did however receive assurance verification for our GHG emissions data.

Metrics

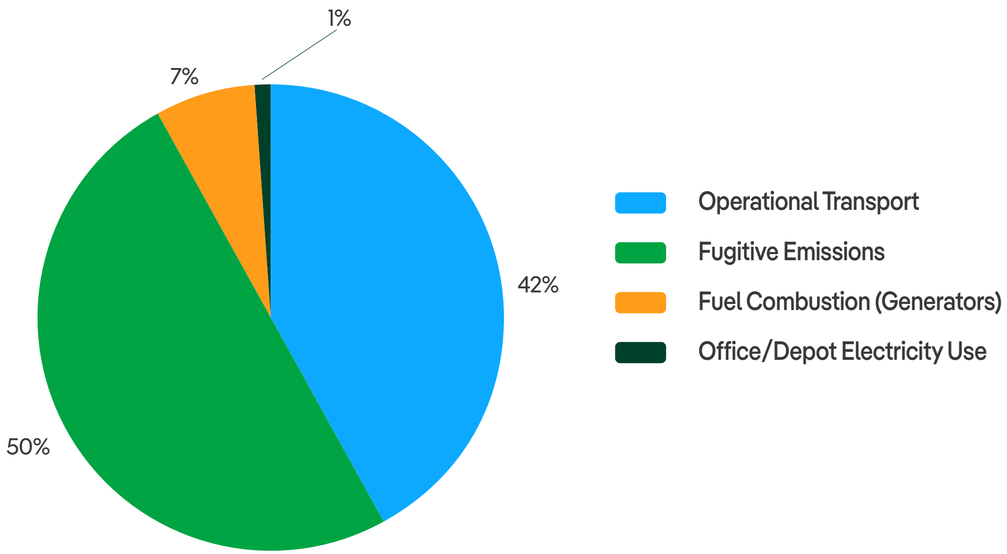
Business Carbon Footprint tCO_2e table by scope and category.

Emissions in tCO_2e	Scope	Baseline 2018-2019	2022-2023	2023-2024	2024-2025
Operational Transport	1	6,536	5,917	6,087	5,682
Fugitive Emissions	1	1,272	6,506	5,827	6,761
Fuel Combustion & Building Gas Use	1	3,235	3,010	1,967	845
Total Scope 1		11,043	15,433	13,881	13,288
Building Energy Use	2	10,947	7,313	55	197
Total Scope 1 &2 Excl. Losses		21,990	22,746	13,936	13,485
Electricity Losses	2	620,489	428,143	461,776	524,251
Scope 1&2 Incl. Losses		642,479	450,889	475,712	537,736

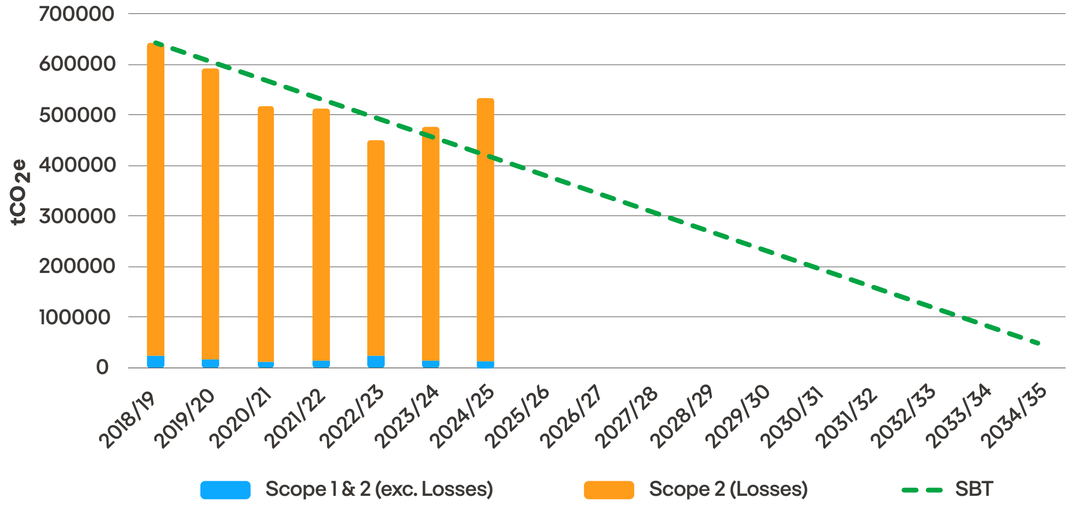
Business Carbon Footprint Scopes 1+2 excluding Losses tCO_2e



BCF Scopes 1+2 excluding Losses



Graph Scopes 1+2 (inc. losses) with SBTi Target



Commitments

Commitment	RAG
We will deliver efficient and economic actions to reduce our scope 1, 2 & 3 business carbon footprint by 67.2% by 2035 from a 2018/19 baseline, in line with validated Science-Based Targets aligned to a 1.5°C pathway.	G
We will minimise our carbon footprint to achieve Net Zero GHG by 2035.	G
We will identify metrics, and associated targets, for RIIO-ED2 to track the impact of implementing actions and the overall progress towards our carbon reduction targets.	G

Scope 1 emissions

Operational transport

Operational transport includes all emissions associated with our vehicle fleet. In SPD and SPM, we have over 800 vehicles which are critical to the operation and maintenance of our network. In September 2019 our parent company, Iberdrola, joined The Climate Group's EV100 initiative, committing to electrify its cars and small vans, subject to local market conditions, by the end of 2030. Our business plan commitments go beyond this to full fleet decarbonisation, including larger vans, within the same period.

As we progress through the RIIO-ED2 price control, we remain committed to this goal and we will continue to work closely with our supply chain to identify and implement viable solutions.

We currently have 41 electric vehicles, representing 5% of our total business fleet. A rollout plan has been approved to expand this number by the end of RIIO-ED2. Recognising that the transition to EVs is a significant change to business-as-usual systems and refuelling processes we have developed an internal communications strategy to engage key staff members.

This strategy enabled us to:

- Secure buy-in from senior leaders, ensuring strategic alignment and resource support.
- Equip team leaders with the tools and information needed to support their teams through the transition.
- Foster a sense of ownership and engagement across the organisation, helping to build momentum to overcome possible resistance to change.

This engagement has been crucial in laying the groundwork for successful fleet decarbonisation and charging infrastructure deployment in the years ahead.

Reliable charging infrastructure is a key part of our fleet electrification strategy. We are working with third-party providers to ensure nationwide charging coverage, particularly for routes where our own charging infrastructure may not be available. We have also launched our 'home start' initiative, installing EV chargers on a voluntary basis at the homes of staff who operate fleet vehicles. This supports flexible and efficient charging, particularly where staff head directly to work sites from home, and helps overcome infrastructure limitations in remote areas. We are working to share testimonials from early adopters of the 'home start' chargers to encourage increased uptake.

Despite these positive steps, we will not meet our goal of fully electrifying medium and large vans and 4x4 vehicles, within the RIIO-ED2 timeframe. This is primarily due to limited market availability of vehicles with the necessary range and payload capacity.

Case Study -
From mixed-mode travel to 100% EV:
A zero-emissions journey powered by renewables

In the last fiscal year, the Social Obligations Team successfully completed over 350 community events across both licence areas, aiming to onboard eligible customers onto the Priority Services Register. However, they recognised the need to align their trips to SPM customers with our sustainability goals. Consequently, they transitioned from mixed-mode travel to full electric vehicle use and ensured they were using charge points that guaranteed 100% renewable energy. This resulted in an estimated reduction of 27 kgCO_2e per trip across the year.

The combined carbon emissions for mixed-mode travel
26.79 kg CO_2e

The combined carbon emissions for full EV use on renewable energy
0.00 kg CO_2e

Commitments

Commitment	RAG
We will decarbonise our operational fleet by 2030, replacing 100% (over 800) of our cars and vans with electric alternatives in line with the Iberdrola EV100 commitment and will seek to further accelerate this to 2028.	R
We will install electric vehicle charging infrastructure for our operational fleet at our sites	A
We will strive to lead the decarbonisation of fleet vehicles, working with suppliers and other fleet operators to pilot technically viable alternatives to drive technical advancements and early adoption.	G

Scope 1 emissions

Fugitive emissions

By installing modern SF_6 filled switchgear, SP Energy Networks has been able to enhance the operational safety of our asset base and reduce ongoing plant maintenance costs. SF_6 is a colourless and odourless gas used for both insulation and arc interruption in switchgear applications. It has exceptional insulating properties which enable safe, compact and low-cost switchgear solutions. Although it causes no detectable impact on the local environment if released, it is a highly potent greenhouse gas with a global warming potential of 23,500 times that of CO_2.

Status Update

We anticipate that in the short term, the quantity of SF_6 on our network, described as the 'SF$_6$ bank', will increase as the replacement of end-of-life oil-filled switchgear programmes proceed where there are no feasible SF_6-free alternatives. Efforts to minimise SF_6 leaks from equipment are a priority. Repair and replacement of leaking assets are essential to reduce our business carbon footprint. This includes targeting repairs of the GEC OX36 fleet on a programmed basis.

There are many challenges involved in addressing this area, including variation by voltage level and application, and the lack of commercially available gases with equivalent electrical insulation properties. We continue to work with the supply chain to support the implementation of other SF_6 free solutions with a view to adopting suitable alternatives on our network wherever practicable. This includes tendering exclusively for non-SF_6 equipment where there are market-ready technically viable options available. We continue to prioritise works where we can achieve the greatest curtailment of SF_6, wherever this is feasible and in our customers' interests. For example, we have now installed one 11kV Ring Main Unit (and plan to install 20 more) that contains an alternative gas with a global warming potential of zero. We are confident this type of innovation will allow us to reduce our business carbon footprint in future years as we enhance the network and replace our ageing asset base. We ensure we capture all possible SF_6 leakage scenarios in our reported data.

We do this through both:

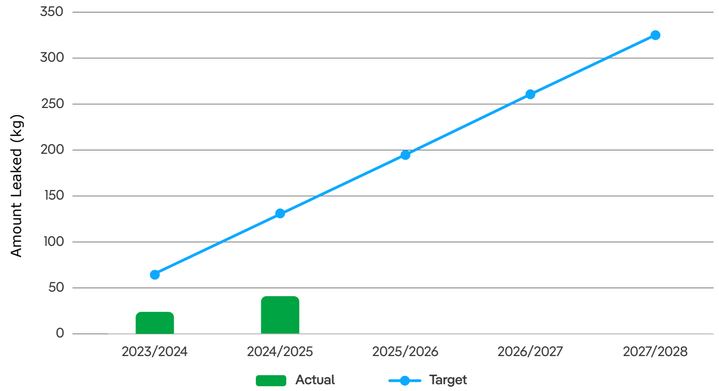
- quantifying the leakage (fugitive emissions) via recording the volume of gas required to top up the equipment to its original capacity; and
- calculating the volume of gas leaked from a sealed asset over its lifetime as the nameplate mass (original gas volume in the asset) minus the gas recovered at the end of life.

In SPM, our SF_6 top-ups have increased slightly from 13.9kg in 2023/24 to 14.7kg in 2024/25. We are now reporting final disposal emissions which this year were 156.3kg, taking total emissions to 171.0kg.
In SPD, top-ups have decreased from 10.3kg in 2023/24 to 9.85kg in 2024/25. Emissions from sealed assets disposed of during the year decreased from 125kg in 2023/24 to 105kg in 2024/25, taking total emissions to 114.9kg.

We are working with our scrap contractors to improve the data quality and management processes relating to SF_6 recovered from disposed assets and expect these emissions to reduce over the coming years.

Further details relating to SF_6 and alternative Insulation and Interrupting Gases (IIG) can be found in the KPI tables.

SPD & SPM 10% SF_6 Reduction Target compared to ED1



Note: This target is for SF_6 Top Ups only and does not account for SF_6 Disposal Emissions as these were not fully included in ED1

Metrics

SPD:

Category	Voltage	Baseline 2018-2019	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	All Voltages	Total no. of assets containing SF_6		No. of Assets	23,031	23,789
		Total amount of SF_6 on network		kg	23,490	24,490
		No. of SF_6 assets replaced (per annum)		No. of Assets	68	39
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	50%	52%
		No. of SF_6 assets installed (per annum)		No. of Assets	575	596
SF_6 Emissions	All Voltages	Leakage (per annum)		kg	135.66	114.92
		Leakage rate (% of bank)	0.31%	%	0.58%	0.48%
		Interventions (per annum)		#	0	0
		Impact of Interventions		kg	0.00	0.00

SPM:

Category	Voltage	Baseline 2018-2019	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	All Voltages	Total no. of assets containing SF_6		No. of Assets	16,833	17,672
		Total amount of SF_6 on network		kg	27,117	28,310
		No. of SF_6 assets replaced (per annum)		No. of Assets	29	26
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	36%	37%
		No. of SF_6 assets installed (per annum)		No. of Assets	575	508
SF_6 Emissions	All Voltages	Leakage (per annum)		kg	112.28	171.02
		Leakage rate (% of bank)	0.31%	%	0.41%	0.97%
		Interventions (per annum)		#	0	1
		Impact of Interventions		kg	0.00	1.46

Commitments

Commitment	RAG
We will reduce our SF_6 leakage by 10% over the RIIO-ED2 period compared to RIIO-ED1.	G
We will use alternatives to SF_6 insulating gas for all new circuit breakers, Ring Main Units and Gas Insulated Switchgear installations at all voltages, where there are technically feasible market-ready solutions.	A
We commit to reporting on total SF_6 Bank and leakage reduction rates using a common Distribution Network Operator (DNO) methodology.	G
We will continue to carefully manage our assets in line with our SF_6 Strategy to minimise SF_6 leakage, repair leaks quickly, and where this is not possible, replace the asset before its anticipated end of life.	G
We will continue to require manufacturers to provide equipment with a SF_6 leakage rate which is half that of the internationally recognised standards, where technically viable.	A
We will drive the development and adoption of SF_6 – free technologies, collaborating with supply chain and industry peers and piloting new technologies where technically viable.	G

Case Study -
Pioneering Progress: UK's First Lucy Sabre Ecotec Non-SF_6 Switchgear Energised by SP Energy Networks

Installed at a substation in our Mid-Cheshire district, the innovative Sabre EcoTec ring main unit (RMU) replaces potent greenhouse gas SF_6 with synthetic air, significantly reducing the environmental impact of our network operations. This marks a critical step in our journey to decarbonise the grid and aligns with the anticipated UK ban on SF_6 in 2026.

Designed to meet UK distribution network specifications, the Sabre EcoTec RMU offers a seamless transition from traditional switchgear. It occupies the same footprint and can be directly mounted to transformers, eliminating the need for costly infrastructure adaptations. This makes it a practical and scalable solution for sustainable substation development.

This first installation is more than a technical achievement, it's a testament to our collaborative innovation. Our long-standing partnership with Lucy Electric has been instrumental in shaping EcoTec's design and functionality. Together with other UK Distribution Network Operators, we've ensured the RMU meets both current operational needs and future demands, including integrated automation as standard.

Scope 1 emissions

Generator fuel use

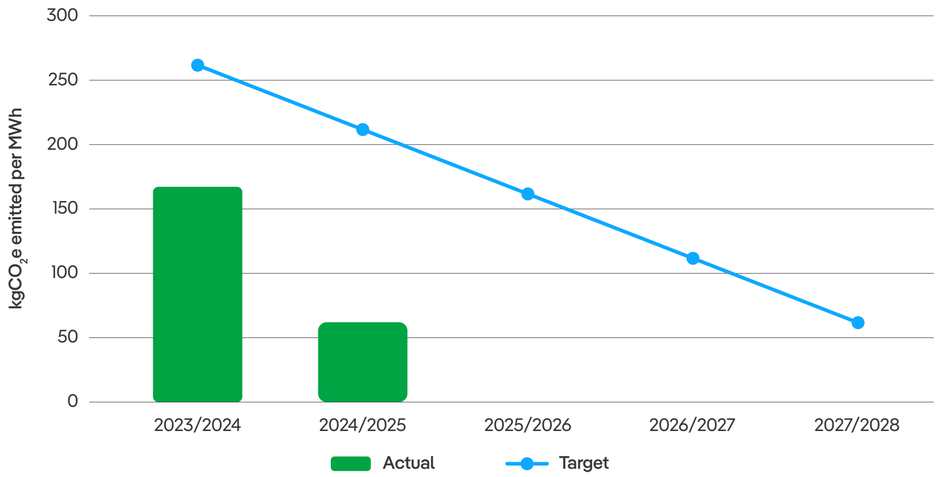
Generators are principally used to provide temporary power to customers in the event of a power cut. Emissions are associated with the combustion of diesel or petrol within the generator. Generator fuel use accounts for 7% of our BCF. Our strategy to reduce emissions associated with generator fuel use is to transition to Hydrogenated Vegetable Oil (HVO) as a substitute for diesel within our generator fleet. We will also continue to pilot electric battery alternatives as a long-term, more sustainable option.

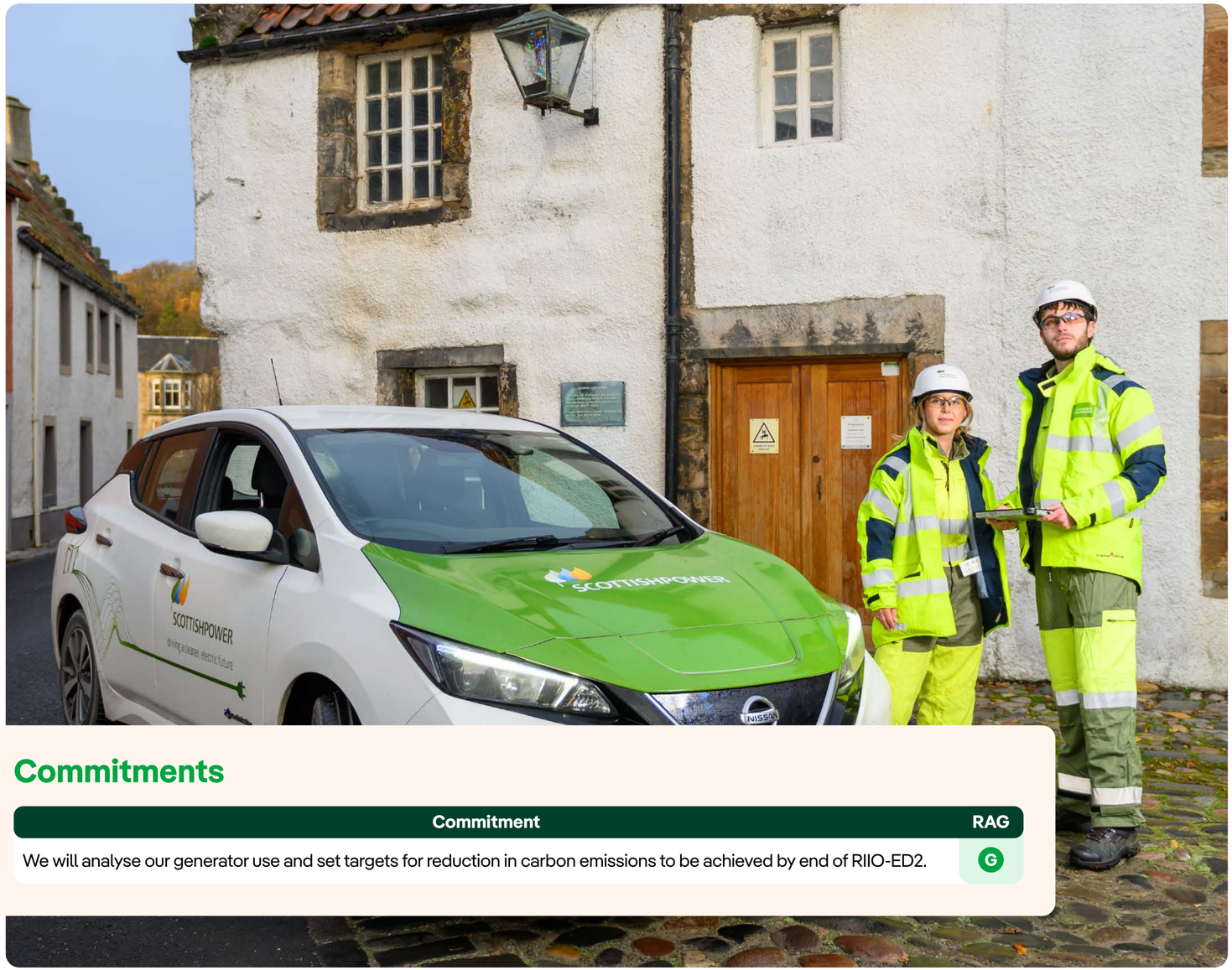
Status Update

We have set a target to reduce generator emissions per MWh of power supplied by 76% by the end of RIIO-ED2.

Our target in 2024/25 was to achieve a carbon intensity of 216kgCO_2e per megawatt hour of power supplied. For reference, the emissions intensity associated with our generator fuel use was 267kgCO_2e/MWh in 2021/22 before HVO was introduced as a viable alternative. In 2024/25, the average emissions intensity associated with generator fuel consumption was 64 kgCO_2e/MWh. This is a 76% reduction in emissions intensity compared to 2021/22.

Graph RIIO-ED2 Generator Fuel Use Emissions Target





Commitments

Commitment	RAG
We will analyse our generator use and set targets for reduction in carbon emissions to be achieved by end of RIIO-ED2.	G

Case Study -
Portable battery supply unit

The Engineering Design and Standards (ED&S) team, in collaboration with generator managers in SPD, has approved the APK MX2200Li portable battery supply unit. Rated at 2,220 watts, this unit is not intended to replace the existing petrol generator fleet but rather complement current solutions where appropriate.

Developed through an Energy Innovation Centre (EIC) challenge, the APK unit is a standalone, RCD-protected battery pack designed to support individual households during power outages, whether planned or due to faults. It can power essential appliances such as fridges, TVs, 1-litre kettles, electric beds and blankets, stair lifts, fish tanks and certain types of medical equipment. Customers are given guidance on which appliances are suitable for use with the unit.

Within SPD, the delivery and uplift process is managed by the dedicated deployment team. A recent three-month trial involving Aureos, Gaeltec, and SPD Ayrshire District saw over 60 units deployed, primarily as part of the PCB replacement programme. This resulted in significant savings of £39,000 in generator hire costs and over 3,000 litres of diesel fuel. Most notably, the initiative achieved an estimated 80% reduction in carbon emissions compared to traditional generator use at about 8 tCO_2e. As the PCB replacement programme continues throughout the year, these benefits are expected to grow, with the carbon reduction percentage ideally remaining around 80%.

Scope 2 emissions

Building energy usage

Building energy use includes all indirect emissions associated with the consumption of electricity in our substations, depots and offices. Our primary strategies for reducing building energy use include:

- Reducing the carbon intensity of the electricity we use by purchasing electricity through a Renewable Energy Guarantees of Origin (REGO) tariff
- Reducing overall energy consumption through the refurbishment of our substations and depots.
- We will also pilot renewable generation at substation and/or depot sites to offset building energy demand.

Status update

The GHG emissions from buildings electricity consumption was almost zero in 2024/25 as we purchased electricity through a REGO tariff backed by Power Purchase Agreements (PPA). Overall, our total energy use from electricity and gas was 36,784 MWh – the majority of which came from electricity consumption. There was very little change in our annual energy consumption (1.1% decrease) compared to the previous year.

Office and Depot Energy Use

In the reporting period, we have been progressing 3 major new build depot projects which have now reached completion of technical design stage and reflect the input from all necessary Ground Investigation Reports and Statutory/Regulatory Authority legislation. These sites are Bonnybridge, Glenrothes and Dumfries. A full open tender for the first three of these sites is well progressed, with commencement of construction works anticipated in Q1 2026. This would deliver these new facilities by Q3 2027.

The Dumfries facility is slightly delayed, in that the preferred new build site was not identified until later in the process and the relevant Ground Investigations were only recently completed, in Q2 2025. This will form part of a new open tender which is anticipated to launch in Q4 2025, which would facilitate Contract Award Q4 2026, commencement of construction works in Q1 2027 and completion of the facility in Q3 2028.

All projects in SPM licence area for new build facilities will be delivered in the RIIO-ED3 period.

From a sustainability and environmental perspective, the final proposals for all these sites include:

- External Solar PV arrays
- Associated on-site battery storage
- Rainwater Harvesting
- External EV Charging Infrastructure
- High-Performing Thermal External Cladding System
- Building Management System to monitor and control all electrical and mechanical building systems
- High Performance, Sensor Controlled LED Lighting System
- Hybrid (Mechanical & Natural) Ventilation systems with heat recovery
- Air Source Heat Pumps to support Domestic Hot Water
- Cross Laminated Timber structural component parts, mixed with steel frame

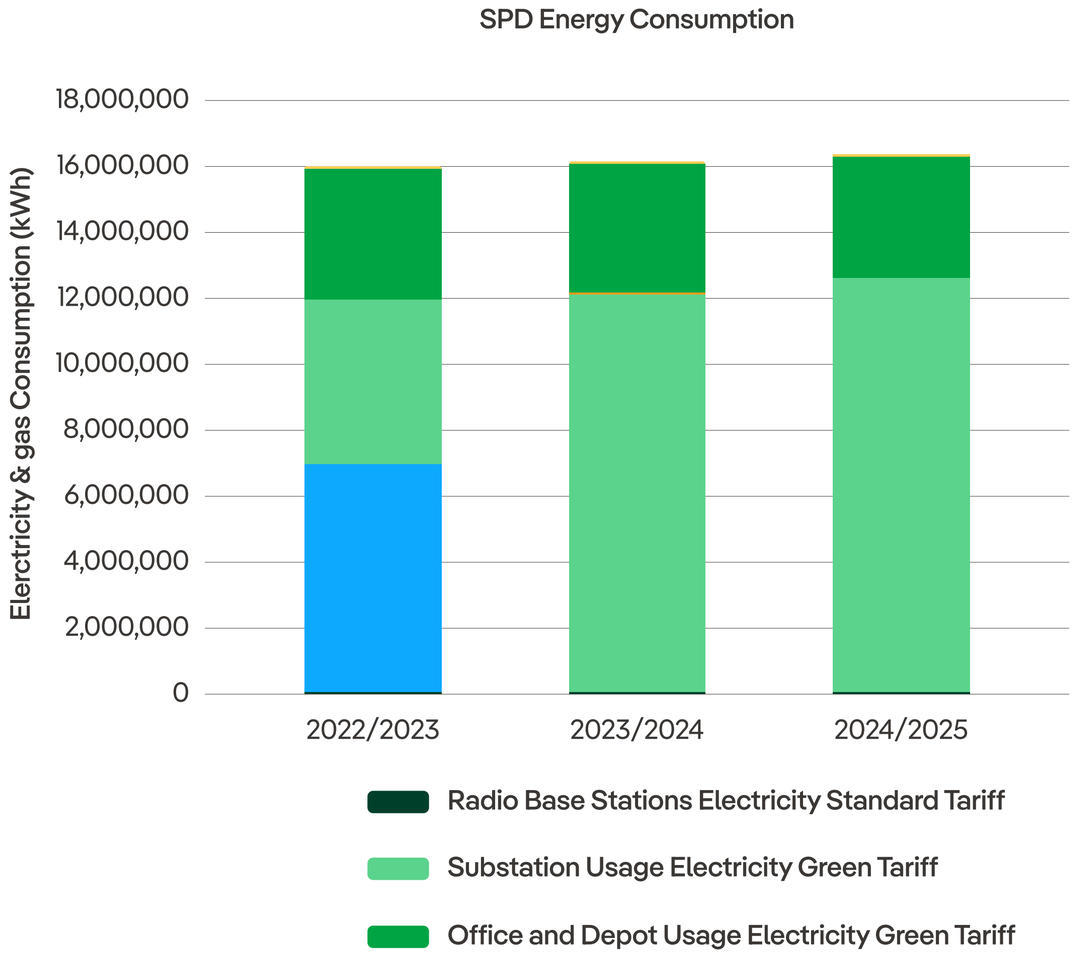
Three refurbishments at our Berwick, Kilmarnock and Stranraer depots are underway. However, during RIIO-ED2 only the design and tendering processes will be complete, the refurbishment work will now be done in RIIO-ED3. No refurbishment works are due to be undertaken for SPM during the RIIO-ED2 price control, as these have all now been moved into RIIO-ED3 price control.

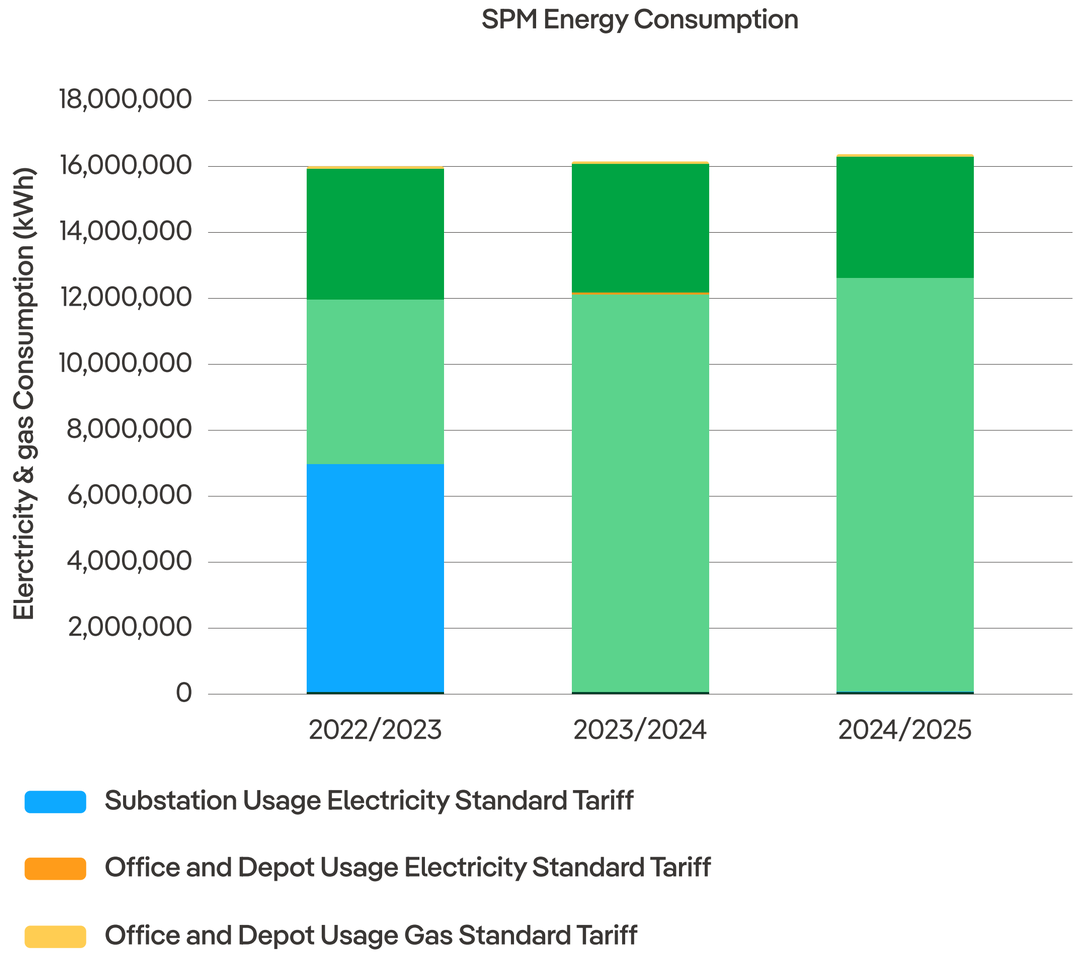
Substation Energy Use

In 2024/25, a total of 342 substations (primary and secondary) across SPD and SPM underwent refurbishment works, including energy efficiency measures. The rewiring works for these substations included the replacement of all heating, lighting and control systems to comply with the latest SP Energy Networks Civil Specification. ED2 upgrades completed to date have resulted in energy savings of approximately 0.20 GWh in year one and 0.28 GWh in year two, yielding a cumulative savings of 0.48 GWh for the first two years of ED2.

The energy savings were calculated using SP Energy Networks's Energy Savings methodology, which was developed to estimate Commitment savings and set performance targets.

Metrics


SPD Energy Consumption
Elerctricity & gas Consumption (kWh)
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
2022/2023
2023/2024
2024/2025
Radio Base Stations Electricity Standard Tariff
Substation Usage Electricity Green Tariff
Office and Depot Usage Electricity Green Tariff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18,000,000
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8,000,000
6,000,000
4,000,000
2,000,000
0
2022/2023
2023/2024
2024/2025
Substation Usage Electricity Standard Tariff
Office and Depot Usage Electricity Standard Tariff
Office and Depot Usage Gas Standard Tariff

Commitments

Commitment	RAG
We will continue to purchase green electricity through a 100% UK-based renewable energy tariff backed by Power Purchase Agreements (PPA) for all our buildings. Beyond this, we will reduce our buildings and substations energy consumption by a minimum of 15.2GWh (8%) over the RIIO-ED2 period.	G
We will reduce energy consumption by a total of 3.4GWh at 650 of our primary substations by applying our recently updated civil specifications (including improvements to heating, lighting and insulation).	G
We will refurbish 8 of our strategic office and depot sites, implementing energy efficiency measures to achieve BREEAM ratings of 'excellent' for new build and 'very good' for refurbishments, to reduce consumption by 11.7GWh over the RIIO-ED2 period.	R
We will pilot and monitor renewable generation at substation and/or depot sites to offset building energy demand.	A

Scope 2 emissions

Network Losses

Around 8% of the electricity entering the distribution system is lost before it reaches end users. These losses fall into two categories:

- Technical losses: These are unavoidable and occur as electricity flows through wires and equipment, primarily dissipating as heat and noise.
- Non-technical losses: These include electricity that is consumed but not billed, due to theft, metering inaccuracies or unmetered supplies like public lighting.

Losses create a gap between the electricity measured entering the system and what is recorded at customer meters. As electricity use grows with the shift to Net Zero GHG, network losses are expected to rise. While grid decarbonisation reduces the carbon impact of these losses, the cost is still shared by all consumers. We pursue cost-effective measures to minimise losses and improve efficiency for customers' benefit.

Scope 2 emissions

Network Losses (cont.)

As part of our ED2 submission, we committed to continue implementation of our losses strategy to avoid an estimated 36 GWh of network losses, thereby limiting losses to a lower level than would otherwise be the case during RIIO-ED2.

We have taken a multi-prong approach to delivering this goal, as outlined below.

Advanced Network Intelligence

- We are on track to install over 14,000 LV monitors during RIIO-ED2, enabling more accurate identification of technical and non-technical losses. By combining LV monitoring with smart meter data and advanced analytics, we aim to save up to 15 GWh annually by the end of the period. These insights support smarter asset decisions and inform future policy through our Engineering Net Zero platform and LV Support Room.

Replacement of High Loss Transformers

- High Loss transformers replaced under this program are taken out of service approximately 10 years before they otherwise would be. Energy savings are thus realised over a 10-year period.
- In 2023/24, we proactively replaced 116 high-loss ground-mounted transformers—on average 10 years ahead of schedule—saving over 9 GWh of energy and more than 1,900 tCO_2e over their lifetime.
- In 2024/25, 148 transformers have been replaced, delivering savings of 20 GWh and 4,200 tCO_2e over the action lifetime.

Theft in Conveyance

- In 2023/24, over 320 cases of theft 'in conveyance' were investigated, including unregistered meters and unmetered supply inaccuracies, resulting in estimated savings of 177 MWh over the action lifetime.
- In 2024/25, 211 investigations have led to estimated savings of 306 MWh over the action lifetime.

Internal/External Revenue Protection Investigations

- In 2023/24, our Revenue Protection programme enabled 8,400 site visits, avoiding more than 20 GWh of stolen electricity, equivalent to nearly 4,300 tCO_2e. This was achieved through enhanced smart meter data analysis, advanced network intelligence (see below), and collaboration with stakeholders including police, fire services and housing associations.
- In 2024/25, we've conducted 9,720 visits, avoiding 27.5 GWh of stolen energy and saving 7,320 tCO_2e.

Energy savings delivered through the above approaches are reported in the table below.

Intervention Action	Year/Metric	2023/2024			2024/2025			ED2 Cumulative		
		#	MWh	tCO_2e	#	MWh	tCO_2e	#	MWh	tCO_2e
Early replacement of lossy 6.6/11kV transformers	SPD	76	596	123	120	1530	317	196	2126	440
	SPM	40	338	70	28	497	103	68	835	173
Theft Prevention - Conveyance	SPD	181	8	2	119	13	3	300	21	5
	SPM	140	3	1	92	6	1	232	9	2
Internal/External Revenue Protection Inspections	SPD	6338	6017	1246	5127	12769	2644	11465	18786	3890
	SPM	5119	14706	3045	4593	22586	4676	9712	37292	7721
TOTAL		**11894**	**21668**	**4487**	**10079**	**37401**	**7744**	**21973**	**59069**	**12231**

Despite the measures taken above, electricity losses are still expected to increase due to higher network utilisation. We continue to monitor losses in our network and work toward keeping them as low as possible for our customers. SPD and SPM losses figures during ED2 to date are illustrated in the table below.

Overall System Losses over Time	2023/2024			2024/2025		
	Annual Losses (GWh)	Share of Total Electricity Distributed (%)	Carbon Equivalent (tCO_2e)	Annual Losses (GWh)	Share of Total Electricity Distributed (%)	Carbon Equivalent (tCO_2e)
SPD	1277	7.68	264,434	1442	8.63	298,566
SPM	953	6.88	197,342	1095	7.82	225,685
TOTAL	2230	7.28% Average	461,776	2537	8.225% Average	524,251

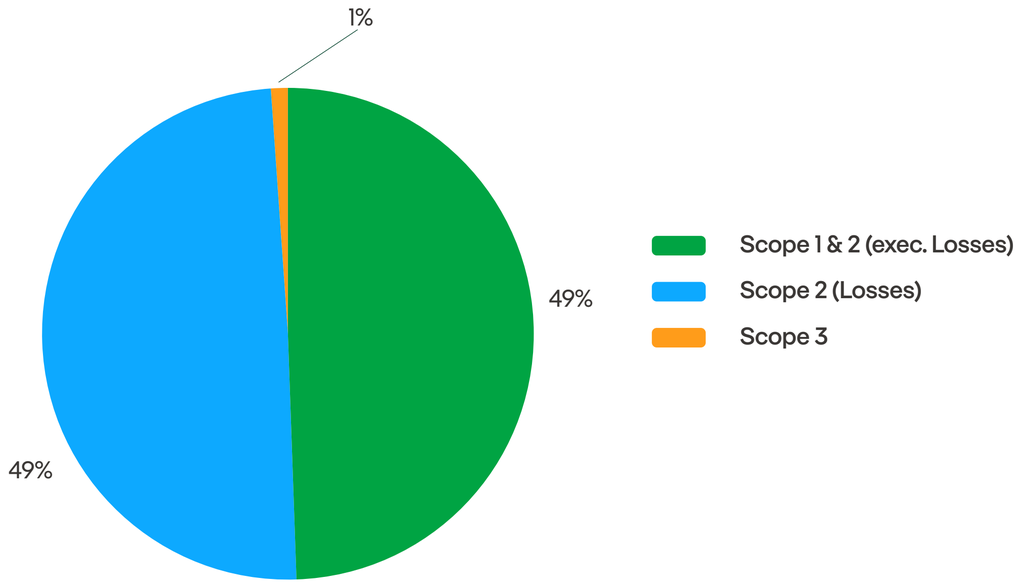
Commitments

Commitment	RAG
In RIIO-ED2, we will continue to implement our Losses Strategy to avoid an estimated 36 GWh of network losses, thereby limiting losses to a lower level than would otherwise be the case.	A
We will continue to lead the Energy Networks Association Technical Losses Group to improve industry understanding of losses.	A
We will continue to drive the development and understanding of losses by contributing to the evidence base on the proportion of losses that network companies can influence/control, collaborating with supply chain and industry peers and piloting new technology such as the MAAV.	A
We will continue to consider and minimise network losses throughout all design and connections activities.	G
We will pro-actively target high-loss legacy assets for replacement with modern low-loss alternatives.	G
We will report on the progress of implementing the losses strategy and associated performance measures.	G
We will use a minimum underground mains cable size of 300mm2 to further reduce losses, where it is cost effective and appropriate to do so.	G
We will continue to use a minimum pole mounted transformer size of 25kVA to further reduce losses on our network.	G

Scope 3 emissions

Scope 3 emissions for 2024/25 account for approximately 49% of our overall footprint. Our Scope 3 emissions include upstream impacts associated with our supply chain.

Graph SPD and SPM Scope 1, Scope 2 and Scope 3 Emissions



Approximately 99% of our Scope 3 emissions arise from the products and services we purchase, capital goods and the upstream (well-to-tank) emissions from fuel and energy consumed either directly or indirectly. Other, less significant emissions streams include waste, upstream transport, business travel emissions (from non-fleet business travel) and employees' commuting.

Overall System Losses over Time	Category	GHG Emissions (tCO_2e)
Purchased Goods & Services	3	252,253
Capital Goods	3	146,211
Upstream Transport & Distribution	3	2,929
Fuel and Energy (well to tank)	3	120,144
Business Travel	3	1,518
Waste	3	418
Employee Commuting	3	1,076
Total		**524,549**

In line with our commitment to reducing emissions, we have set Science-Based Targets for Scope 3 and are continuously refining our emissions measurement practices. However, the accurate reporting of Scope 3 emissions remains a significant challenge, particularly with respect to measuring impacts relating to products and services we procure, given the complexity and diversity of our global supply chain.

Our approach for reducing Scope 3 is outlined as part of our supply chain section as well as to implement our 'Business Travel Policy', align our practices with the principles of PAS 2080 and enhance our understanding of embodied carbon, all of which are critical for influencing how we manage and reduce carbon emissions associated with infrastructure development.

Status update

Scope 3 emissions are 48% higher compared to the previous year primarily due to increased investment aimed at delivering a more resilient and secure network and connecting low carbon technologies in support of UK grid decarbonisation. We continue our focus on increasing the accuracy of Scope 3 reporting which will allow us to more accurately track performance.

In the first year of RIIO-ED2, we created and filled a new role, focussing on Scope 3 carbon reductions. While the first year focused primarily on improving data quality and developing calculation methodologies, the second year has centred on engaging key stakeholders to co-develop tools that support the transition to a hybrid approach for scope 3 analysis. This hybrid approach will focus specifically on Categories 1 and 2, covering emissions from purchased goods and services and capital goods which together account for 76% of total scope 3 emissions.

Case Study -
Nethertown project recycled sand use

Reducing carbon emissions in construction means using fewer raw materials from nature and making smarter use of the already extracted natural resources. Recycled sand, recovered from construction waste, offers one such viable solution for increasing recycling rates of construction waste and reducing carbon emissions. Instead of going to disposal, this sand gets utilised as an input material and replaces virgin sand that would otherwise be used, helping us build greener and cheaper.

During 2024/25, we used about 6,218 tonnes of recycled sand on a cable replacement project at Nethertown. This helped us avoid an estimated 35 tonnes of carbon emissions which is about the same as 6 return flights from London to Australia. This represents a success story, both for the environment and for resource efficiency.

Given the success of that trial, we have now sourced certified recycled sand for another underground cable project between Cuper and Guardbridge. It's part of work to connect a new 33 kV primary substation and should deliver even more carbon savings. That project is still in progress, and the results will be shared in our 2025/26 annual environmental report.

Commitments

Commitment	RAG
We will create a new role in RIIO-ED2 to drive actual reduction in Scope 3 carbon emissions in our supply chain by 100k tCO_2e	G

Scope 3 emissions

Business Travel

Business travel emissions include indirect emissions from vehicles not owned by SP Energy Networks, such as employee-owned cars and the use of rail and air travel. In the second year of RIIO-ED2, emissions associated with business travel were 1,518 tCO_2e.

Status Update

As part of RIIO-ED2, we committed to reducing business travel emissions by at least 580 tCO_2e through the implementation of our business travel policy.

Prior to implementing this policy, 42% of domestic journeys on public transport were taken by plane. Our travel policy now states that domestic air travel is only permitted when no reasonable rail alternative exists. The application of this policy has successfully reduced the proportion of miles travelled by domestic flights to approximately 12% (using 2019/20 as a baseline year). We estimate that this has resulted in a saving of 117 tCO_2e in 2024/25 and 249 tCO_2e cumulatively since the beginning of RIIO-ED2, putting us on track to meet our target.

Commitments

Commitment	RAG
We will continue to implement our 2021 Business Travel Policy to reduce business travel emissions by at least 580 tCO_2e during RIIO-ED2.	G

Metrics

Metrics	2023/24	2024/25
Target Avoided Emissions	92	93
Actual Avoided Emissions	132	117

Scope 3 emissions

Embodied Carbon & Carbon Management in Infrastructure

Embodied carbon, as defined by the UK Green Building Council Guidance, refers to the emissions generated to produce a built asset. We interpret this as the emissions associated with the manufacture of all materials and equipment (including the raw materials and the energy used to produce the final product), all transport-related emissions, and all construction-related emissions associated with the production of our infrastructure.

Status update

Building on our Carbon Management Implementation Plan, we have taken steps to embed the principles of PAS 2080 Carbon Management in Infrastructure into our capital project delivery processes. This began with a comprehensive review of our business-as-usual project delivery activities to identify the key roles and stakeholders that influence project delivery. The aim of this exercise was to assess how these roles need to evolve to incorporate PAS 2080 and to pinpoint the training required to enable these changes effectively.

Following this, we are preparing to revise our project delivery processes to formally integrate carbon management. This will include embedding carbon reduction targets within the scopes of various distribution works to ensure these targets are actionable and measurable.

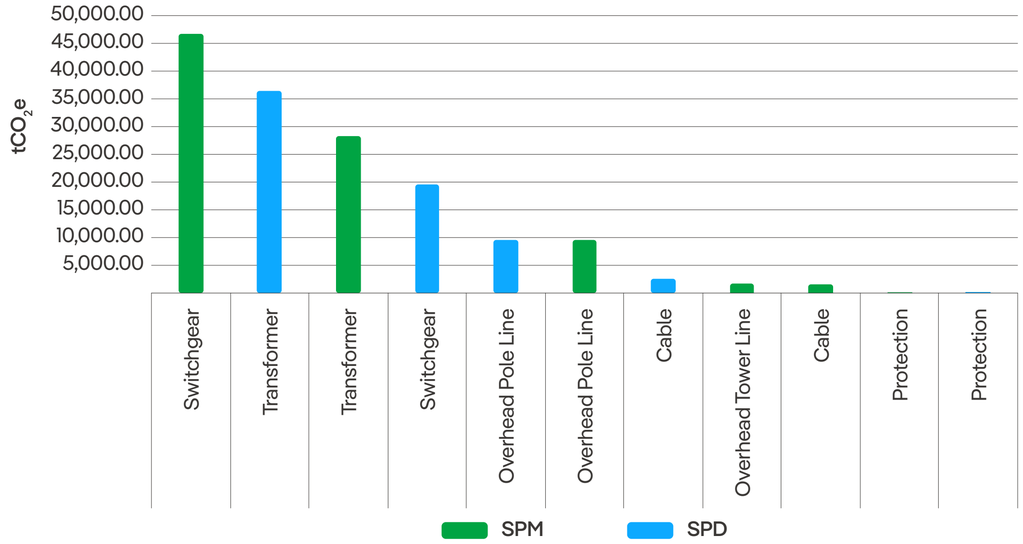
In parallel, we have continued to trial a range of carbon measurement tools to enhance the accuracy of our assessments and identify which tools best align with our delivery approach. These trials are central to selecting robust methodologies that will support long-term carbon tracking and reduction across our infrastructure projects.

We have also continued to work collaboratively with other Distribution Network Operators through the Energy Networks Association (ENA) Carbon Working Group to align our approach to measuring and reporting embodied carbon emissions.

Metrics

We estimate that the total embodied carbon of all electrical equipment, cable, and overhead line installed on our network in 2024/25 was 156 $ktCO_2e$. The majority of emissions are associated with switchgear and transformers. The graph below shows the breakdown per asset type.

Estimated embodied carbon emissions from electrical equipment purchased by SPD / SPM in 2024/25



We have also estimated the total embodied carbon of seven RIIO-ED2 132kV projects completed to the tender stage. The embodied carbon estimation is based on final design information and was calculated using 'One Click LCA', a tool that enables us to measure the impacts of civil works and electrical assets on large projects. The scope of the assessment includes an estimation of emissions associated with the product stage in addition to transport and construction-related emissions.

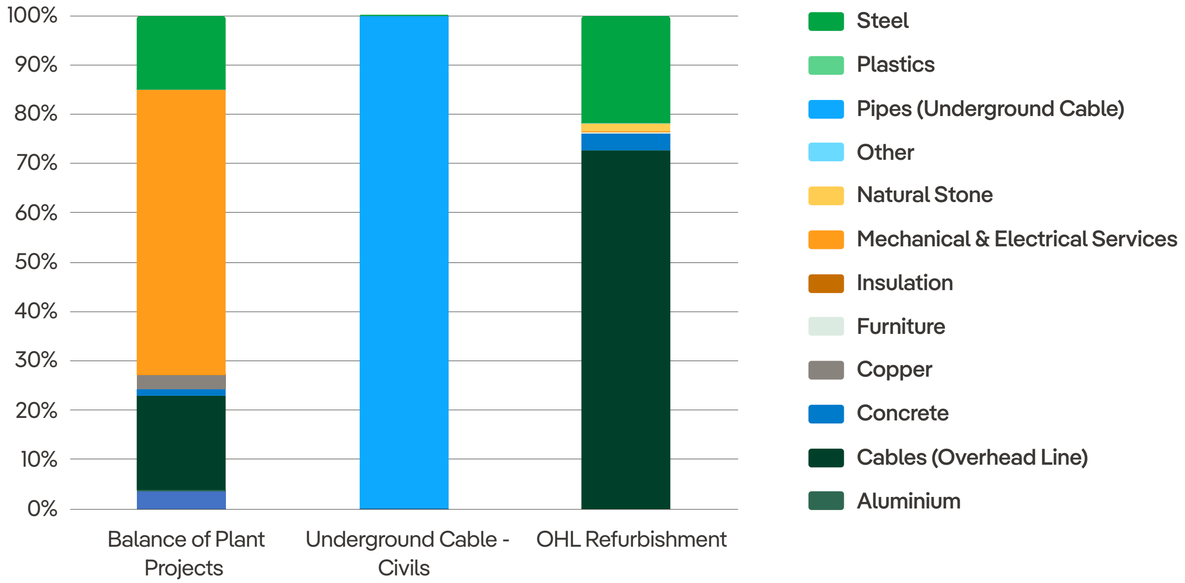
The following projects were included in the assessment:

- 4 balance of plant projects
  (projects providing supporting infrastructure and auxiliary systems for network assets)
- 1 OHL refurbishment project
- 2 cable civil projects

The total embodied carbon for all the balance of plant (BOP), OHL refurbishment and cable civils projects was estimated to total 93 tCO_2e, 193 tCO_2e and 153,594 tCO_2e respectively. Cable civils projects had the highest emissions per project spend because of the higher volume of civil works within these projects. We will continue to estimate emissions associated with our projects so that we can develop a robust baseline for benchmarking future performance in line with PAS 2080 Carbon Management in Infrastructure and Buildings.

The graph below shows the breakdown of embodied carbon by resource type for BOP, OHL refurbishment projects & Cable Civils projects. Emissions from all three projects have been separated to highlight the distinction in their respective carbon hotspots which is important for uncovering future opportunities for carbon reduction per project type.

Breakdown of embodied carbon emissions by resource type.



Carbon hotspots for the BOP projects include Mechanical & electrical services, cables and steel, which collectively account for about 92% of the embodied carbon emissions. Carbon hotspot in OHL refurbishment projects includes cables and steel which collectively account for 95% of its embodied carbon. Nearly all the major carbon hotspots for cable projects come from pipes.

Commitments

Commitment	RAG
We will implement processes for carbon management in relevant business activities, aligned with PAS 2080 Carbon Management in Infrastructure.	G
We will introduce a measurement tool for embodied carbon and other capital carbon emissions to establish a baseline and a set a target to reduce carbon on new projects during RIIO-ED2.	A
We will work collaboratively with our stakeholders, including the other Distribution and Transmission Network Operators, throughout RIIO-ED2 with the aim of assessing and managing capital carbon on our projects, driving efficiencies throughout our supply chain, and sharing best practice.	G
We will monitor and report on embodied carbon in new projects.	G

Case Study -
Trialling Identified Low Carbon Alternatives

Concrete remains one of the most widely used materials in construction worldwide[1], but its production generates substantial CO_2 emissions due to the energy-intensive process used to make cement, the main binding agent in concrete[2]. Addressing the dual challenge of reducing emissions while meeting growing demand requires innovation. At the outset of RIIO-ED2, we committed using low-carbon alternatives to concrete bunding for our RIIO-ED2 retrofit projects, where technically feasible. These alternatives require technologies and materials that are significantly less carbon and energy-intensive than traditional in-situ concrete.

In 2025, we initiated three trials using the Fastbase system, a low-carbon precast concrete solution designed to support transformer installation. These units were delivered directly to site and installed efficiently, with integrated features including oil containment, earthing, and necessary ducts and pipework.

Some of the environmental and operational benefits of Fastbase includes:

- 8 tonnes less concrete used compared to traditional in-situ bases used on SP Energy Networks sites
- Concrete CEM II mix includes 33% Ground Granulated Blast Furnace Slag (GGBS) which is a steel manufacturing by-product
- Fewer trades and vehicle movements required on site, leading to reduced CO_2 emissions
- Time-saving installation process
- Factory production eliminates on-site concrete waste
- Use of Self-Compacting Concrete which eliminates the need for high-energy vibration.

[1] Fadi Althoey and others, 'Advancements in Low-Carbon Concrete as a Construction Material for the Sustainable Built Environment' (2023) 16 Developments in the Built Environment 100284.

[2] Niranjan Sahoo, Anil Kumar and Samsher, 'Review on Energy Conservation and Emission Reduction Approaches for Cement Industry' (2022) 44 Environmental Development 100767.

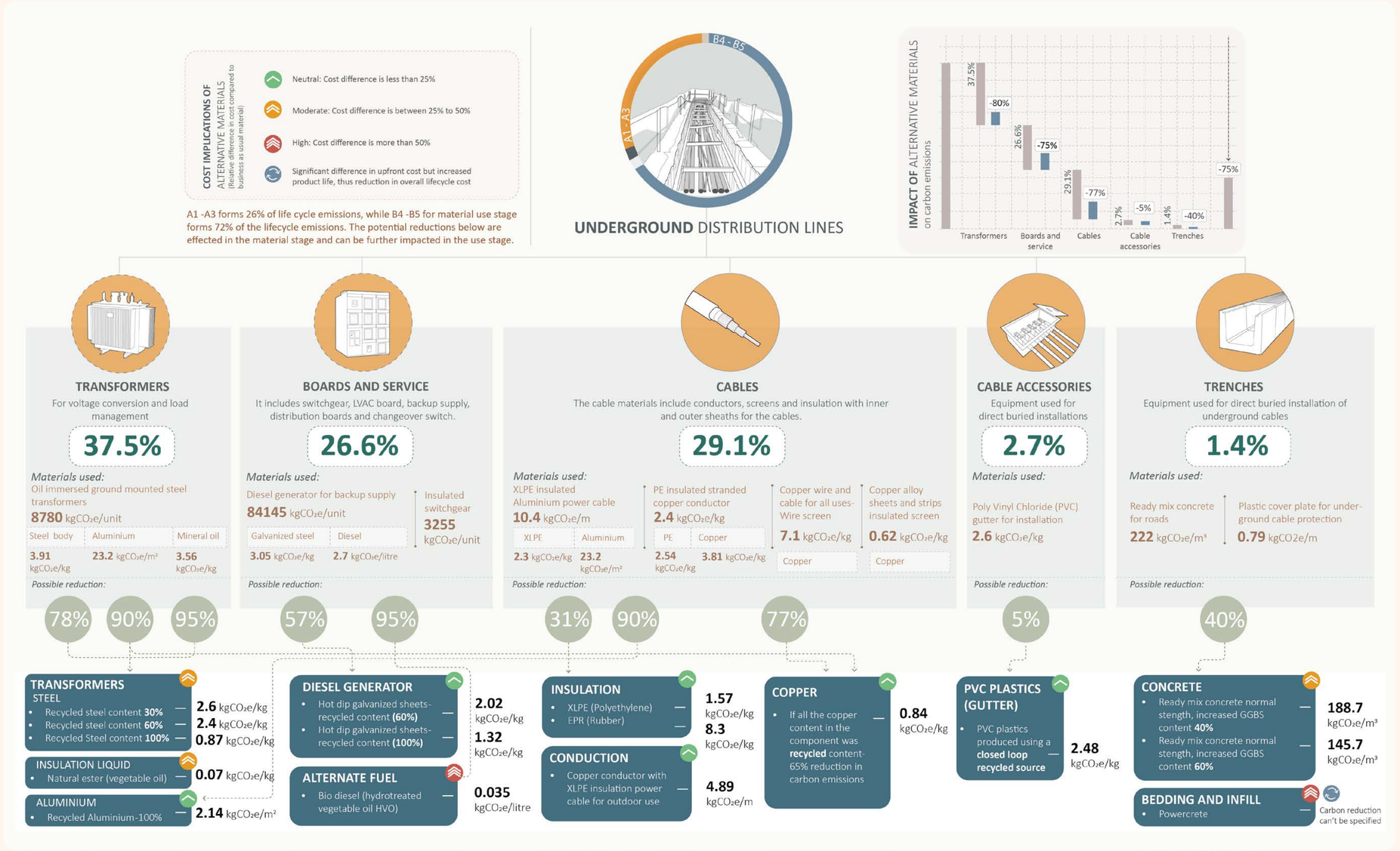
Case Study - Reducing Embodied Carbon

Building on our understanding of the diversity and complexity of electrical infrastructure projects, and insights from the successfully completed Truly Sustainable Circuits Project, the infographic accompanying this section shows the potential carbon reductions to be achieved at the material stage through the adoption of low carbon alternatives. Using a waterfall chart, the infographic shows how different materials contribute to emission reductions.

To assist with cost analysis, the chart includes four colour-coded tags:

- Green which indicates a neutral cost implication (less than 25% cost difference)
- Amber which indicates a moderate cost implication (25–50% cost difference)
- Red, indicating a high-cost implication (over 50% cost difference)
- Grey which highlights a significant upfront cost difference, offset by extended product life and reduced lifecycle costs.

Overall, this study highlights that carbon emissions associated with underground distribution lines could be reduced by up to 75% in the future through the adoption of currently known low-carbon materials and products. It is important to note, however, that this figure does not represent a fixed ceiling. As innovation continues and new technologies, materials, and construction practices emerge, there may be further opportunities to achieve even greater reductions. This reinforces the need for ongoing research, collaboration with industry partners, and continuous improvement in our approach to low-carbon infrastructure design.



Carbon Offsetting

Given the urgent need to reduce greenhouse gases emitted to the atmosphere and mitigate the effects of climate change, it is important that we develop our network in support of the Net Zero GHG transition in a way that achieves neutral or positive environmental and social impacts. To do this, we must reduce carbon emissions as far as possible within technological and regulatory boundaries. However, despite this work, there will still be some unavoidable emissions.

SP Energy Networks is committed in RIIO-ED2 to offset our residual Scopes 1 and 2 emissions (excluding losses) throughout ED2 (April 2023 to April 2028).

Work to date

SP Energy Networks has signed-up to the Environmental Markit Registry, which is an international registry for managing carbon, water and biodiversity projects, issuing, transferring and retiring credits to ensure transparency for all stakeholders. SP Energy Networks has also developed an approach to carbon offsetting that prioritises carbon removal in line with The Oxford Principles for Net Zero Carbon Aligned Carbon Offsetting. Aligning with best practice, this ensures a high probability of 'additionality' and low probability of 'reversibility'.

Through market research we identified UK Woodland Carbon Code and UK Peatland Carbon Code as well aligned with our offsetting principles, which also aim to deliver additional environmental and social benefits in the UK, where practical.

Status Update

Our stakeholders continue to support our approach to offsetting; they have reinforced that we should follow the Oxford Principles for Net Zero Aligned Carbon Offsetting, that our offsetting should (for current Scopes 1 and 2 offsetting commitments) be within Scotland and, for verified credits, be issued under the woodland and peatland carbon codes or any similar standard of carbon codes that might become available in future. Our stakeholders understand that as we evolve our offsetting strategy, in particular to incorporate Scope 3 emissions, we will continue to prioritise carbon removal whilst considering carbon avoidance opportunities, but will also likely move to considering offsets local to the source of our Scope 3 emissions. Our approach to carbon offsetting is set out in more detail in our Net Zero Transition Plan, that we will shortly be publishing.

To deliver on our commitment to achieve carbon neutrality across our controllable greenhouse gas emissions (Scope 1 and 2 excluding losses) we have calculated the emissions that cannot currently be addressed by our direct prevention or mitigation activities. We are developing a route to market, creating a new Offsetting Framework. This has included working with external expert legal advisors to progress the purchase of relatively new offsetting products using established procurement routes and practices. We have also taken steps to embed environmental and social co-benefits into our offsetting procurement to deliver on our aim to provide these additional benefits where practical.

This Framework will allow SP Energy Networks to acquire Pending Issuance Units (PIUs) which will enable us to deliver against our commitments. PIUs represent a forward-looking commitment to carbon sequestration, based on scientifically modelled predictions of carbon uptake by new woodlands or peatland. These units will transition into Woodland or Peatland Carbon Units (WCU / PCU) once the carbon sequestration is verified through ongoing monitoring and reporting.

This investment not only aims to support our net zero ambitions but also aims to contribute to the expansion of UK woodland and peatland and support the development of local offsetting markets: ensuring rewilding, nature-based and wider co-benefits are realised close to our customers.

Commitments

Commitment	RAG
We will achieve Carbon Neutrality by 2023 for our Scope 1 & 2 business carbon footprint excluding Losses.	A
We will align our offsetting approach to the Oxford Principles for Net Zero Aligned Carbon Offsetting, ensuring high probability of 'Additionality' and low probability of 'Reversibility', delivering additional environmental and social benefits where practical.	G

Action for Nature

While we deliver the low-carbon transition and reduce our own carbon impact, we must also prevent pollution, protect and enhance biodiversity. Protection of the environment is a key component of how we operate our business

Action for Nature

Pollution Prevention

PCB Removal - Status Update

Work is progressing on the planned removal of PCB-contaminated (or potentially contaminated sealed) assets to ensure we meet the deadline of 31 December 2025 for their removal from our Distribution network.

During the second year of RIIO-ED2, SP Distribution replaced 2,448 assets out of a targeted 2,526, and SP Manweb replaced 1,920 assets out of a targeted 4,205 for 2024/25. Overall, SPD has replaced 3,111 assets against a target of 4,030, and SPM 3,423 assets against a target of 6,725 at this stage of the plan.

While good progress has been made, including PMT replacement at five times the normal rate, there are operational challenges, such as planning works around outages. We are currently behind target across both distribution licences. However, in line with our plans developed via the ENA PCB Working Group, we are continuing to identify contaminated equipment (CE), as shown in the charts below. The charts indicate the number of assets identified based on test results data and year of asset manufacture, demonstrating our continued progress in identifying likely contaminated equipment for removal from the network.

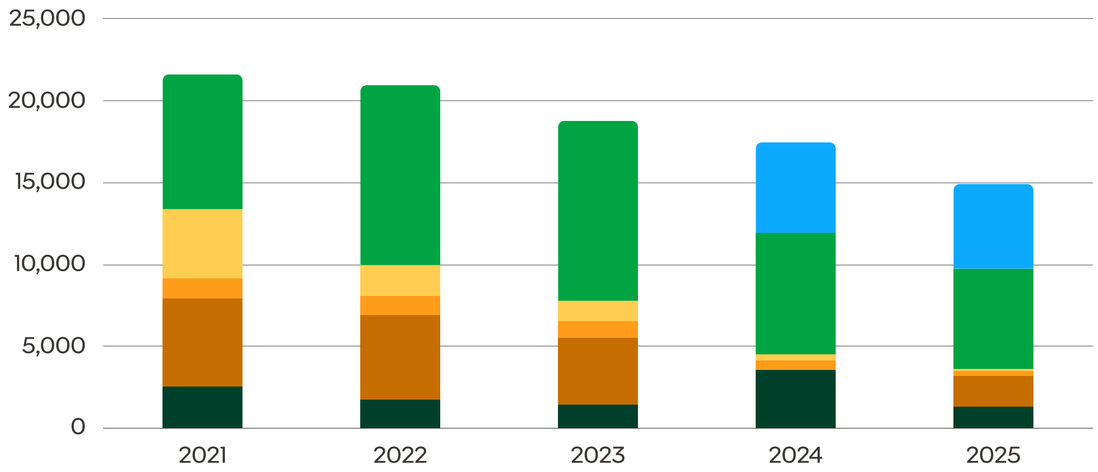
The successful demonstration of the Contaminated Equipment Disposal Plan will be achieved through the removal, replacement or decontamination of all equipment identified through this process, thereby removing the risk and updating the register of contaminated equipment, with the ultimate goal of eliminating all contaminated equipment from the registry.

This Contaminated Equipment Disposal Plan involves a challenging rate of equipment replacement, but we remain committed to meeting the deadline.

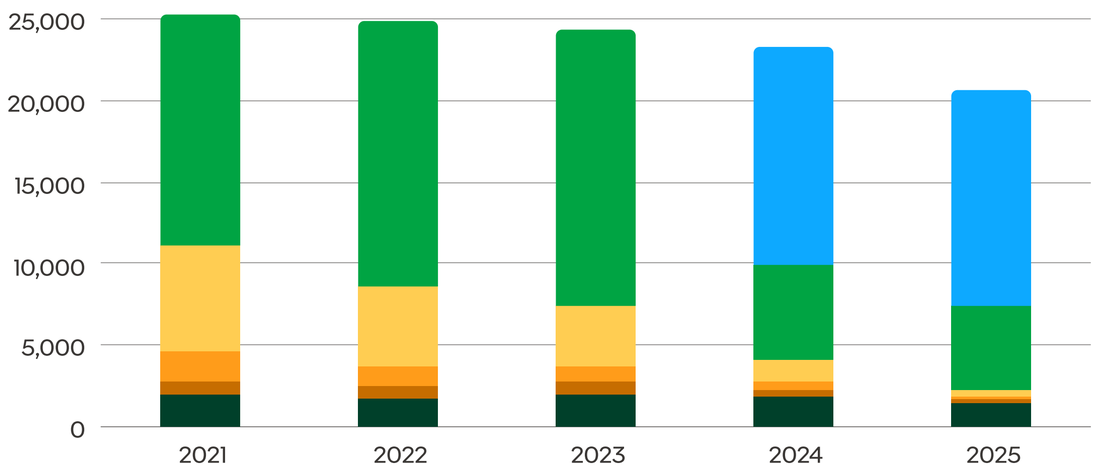
Further information is available within the KPI data tables report.

Metrics

Total Commissioned PMT Equipment in England & Wales by ENA Category



Total Commissioned PMT Equipment in Scotland by ENA Category



The categories in the graph above are grouped into six bands:

- Band 0 - not in use or no longer in scope
- Band 1 - do not contain PCBs (statistical analysis)
- Band 2 - data suggests no PCBs but is inconclusive
- Band 3 - insufficient data
- Band 4 - reasonable likelihood contains PCBs
- Band 5 - PCB containing or high likelihood

Action for Nature

Pollution Prevention

Fluid Filled Cables - Status Update

At the start of RIIO-ED2, we set a target to reduce leakage in our fluid-filled cables. We continue to regularly monitor our entire oil-filled cable asset base for leaks and future risks. SPD currently has 31.1 km of fluid-filled cables in service. In the 2024/25 reporting year a leakage rate of 0.066% was recorded, following three separate top-up events totalling 62 litres in the Glasgow and Central & Fife districts—a reduction of 8 litres from the previous year.

SPM has 150 km of fluid-filled cables and topped up a total of 5,592 litres in the 2024/25 reporting year (this is inclusive of a 3rd party damage to one of our FFCs, accounting for 1,423 litres), with a leakage rate of 0.85%, up from 0.38% in the previous year. This includes two isolated cable leak incidents at Belle Vale and Porthmadog during this reporting period. There are also leak issues which have been previously identified on the Kirkby and Bootle cable circuits, which were subsequently included in the RIIO-ED2 plan for replacement. This is programmed for sectional completion between late 2025 and 2027. This will help us reduce and improve our leakage rate.

Metrics

	SPM	SPD	Total
Fluid filled cable in service (km)	149.6	31.1	180.7
Volume of oil in fluid filled cables (ltrs)	661000	93300	754300
Fluid filled cable oil top ups (ltrs)	5592	62	5654
Fluid filled cable oil top ups as % of oil in service	0.85%	0.066%	0.75%
Leak Reduction/Increase from last year (ltrs)	3054	-8	3046
Volume of oil recovered (ltrs)	257	0	257

Action for Nature

Pollution Prevention Plans

Status Update

In SPM, we set a target to implement pollution incident response plans in all our 132kV projects, which we achieved in the 2024/25 reporting period.

All 132kV projects within the SPM distribution area now include a Pollution Prevention Plan as part of the risk management process, ensuring that environmental risks from these projects are managed appropriately to minimise impacts. These plans ensure that risks are identified, appropriate controls are implemented, and resources are allocated to deliver effective risk management.

Typical requirements and areas of focus include:

- Protection of the water environment, including watercourses and drainage systems, through surface water management and spill response.
- Management of dewatering activities.
- Fuel delivery, storage, management and refuelling of plant and machinery.
- Management of COSHH materials (use, storage and assessments).
- Use of materials such as concrete and bentonite clay.
- Management of soils (excavation and storage).
- A wet weather protocol to avoid weather-related pollution incidents, such as those caused by heavy rain.

As part of our efforts to reduce pollution across our distribution network, we have developed an annual programme to identify and investigate ten legacy contaminated sites within each licence area. Site investigations are undertaken at these locations, and measures are implemented to rectify and remediate the land. The status of each site is documented on a contamination tracker to prioritise the remediation programme.

To further lower our environmental impact and adopt new technologies, we have used lower carbon concrete (containing 40% Ground Granulated Blast Furnace Slag (GGBS) as a replacement for Portland cement) on 59 projects during the RIIO-ED2 period, including transformer bund replacements and new cable cell installations for 33kV switchgear. This has reduced the projects' carbon emissions. High-Density Polyethylene (HDPE) is also being considered for bunds, and we continue to work with our project teams and contractors to find the best solutions.

Action for Nature

Incidents and Noise Pollution

Environmental Incident Reporting

Environmental incident reporting has improved across the Distribution Licences through the review of existing guidance and reporting tools, as well as by sharing lessons learned. The majority of environmental incidents are reported and managed internally, but there are occasions when external reporting is required. In 2024/25, there were three notifiable environmental incidents in SPD and one in SPM. All incidents were reported to the appropriate external regulatory bodies and fully investigated. To raise internal awareness of requirements, environmental communications have been delivered and we have developed procedures to support work in ecology, hydrology and archaeology.

Noise Management

We seek to minimise the impacts of noise resulting from the construction, maintenance and operation of our electrical infrastructure. New infrastructure, or changes in the local environment around existing infrastructure, can sometimes negatively affect the local area. The SP Energy Networks strategy is both proactive and reactive in mitigating and reducing these impacts. SP Energy Networks operates a 24-hour customer helpline where customers, contractors and staff can report network problems, including noise issues. Enquiries regarding noise are logged in our customer complaints system and passed to regional contacts with actions and deadlines. SP Energy Networks has a strong record of mitigating the effects of issues highlighted with our static assets. We assess noise at the complaint location, identify appropriate actions to reduce the impact, and inform relevant parties once the issue is resolved.

In the 2024/25 reporting year, 27 noise complaints were recorded within SPD and 13 in SPM, representing an increase from the previous year. All noise complaints received were investigated and, following interventions, were fully rectified. Through compliance with our Noise Management Procedure, we are continuously educating colleagues on how to better manage noise.

Wood Poles

At the start of RIIO-ED2, we committed to continue to collaborate with other DNOs and our supply chain to develop innovative alternatives to creosote-treated wood poles. We have completed an £18 million major reinforcement project in North Shropshire, which will facilitate new growth across the region and enhance network resilience for 30,000 homes and businesses. Throughout the project, our team worked closely with the local wildlife trust in Shropshire and other key stakeholders to undertake several environmental initiatives, including habitat and hedgerow enhancements and pond and wetland restoration. As part of the upgrade, and in a UK first, we trialled new eco-friendly treatments on 10% of the new wood overhead line poles. These poles were treated with copper oil, a more environmentally friendly alternative to traditional creosote.

Commitments

Commitment	RAG
We will continue to target zero environmental regulatory interventions and notifiable breaches.	R
We will implement Pollution Prevention Plans at 100% of our RIIO-ED2 132kV projects.	G
We will reduce the volume of fluid (oil) used to top up our pressurised cables by around 3,490 litres (10%) by replacing 19.429km of our leakiest fluid filled cable.	A
We will continue to proactively minimise the impacts of noise resulting from the construction, maintenance and operation of our electrical infrastructure and take timely action to rectify noise complaints from our plant and sites.	A
We will eliminate PCBs from our network by the end of 2025, in line with legislation and the risk-based industry approach agreed with the environmental regulators.	A
We will use low carbon alternatives to concrete bunding for our RIIO-ED2 retrofit projects where technically feasible.	G
We will adopt new technologies, where appropriate, to support the ongoing proactive management of our fluid filled cables.	A
We will continue to report on noise pollution incidents and actions taken to reduce them.	A
We will report on volumes of PCB contaminated equipment on and removed from the network.	G
We will upgrade existing or install new bunds at 203 of our Primary and Grid transformers as part of our RIIO-ED2 programme of oil mitigation measures, where adequate bunding is not in place.	A
We will implement a programme to identify, risk assess and address high risk legacy land contamination.	G
We will continue to collaborate with other DNOs and our supply chain to develop innovative alternatives to creosote wood poles.	G

Action for Nature

Biodiversity & Natural Capital

Across our Distribution business, we remain committed to protecting and enhancing nature in the areas where our network operates. Our Action Plan for Nature cements SP Energy Networks's recognition of the global biodiversity crisis and sets out the actions we plan to take to address this. We apply the mitigation hierarchy throughout our operations, prioritising the avoidance and minimisation of environmental impacts during construction, and restoring or compensating for any residual effects. Our goal is to achieve 'No Net Loss' of biodiversity and, where feasible, deliver measurable enhancement (or 'Net Gain') as we move towards achieving our target to be Nature Positive by 2030.

Status Update

After publishing our Action Plan for Nature in the first year of RIIO-ED2, we have focused on implementing and delivering this ambitious strategy. To achieve enhancements both on our own land and in partnership with external organisations, a review of our internal processes has been necessary. In 2024, we established the SP Energy Networks Nature Board to ensure that SP Energy Networks has the right policies, procedures and governance processes in place to deliver nature-positive investment effectively.

In 2024, we piloted our approach to delivering offsite enhancement with the Cheshire Wildlife Trust (CWT). Following a recent upgrade of an overhead line crossing the Trust's land, SP Manweb funded two enhancement schemes on the site: a wetland enhancement scheme and the extension of an existing wildflower meadow. The aim was to improve habitat for wetland waders and pollinators. These schemes were delivered in July and September 2024, and the progress of the habitat interventions is being closely monitored by our partners at CWT to ensure success.

In Scotland, nature-positive development is guided by the National Planning Framework 4 (NPF4), which emphasises the need for significant biodiversity enhancement, particularly under Policy 3b. Unlike England's statutory Biodiversity Net Gain (BNG) approach, Scotland does not yet have a standardised biodiversity metric to quantify ecological improvements. However, the Scottish Government has commissioned NatureScot to develop a bespoke biodiversity metric tailored to Scotland's planning system. This initiative is being shaped through extensive stakeholder engagement, and SP Energy Networks, alongside our stakeholders and colleagues in SSEN Distribution, has been actively participating in consultations. These efforts aim to ensure that the emerging metric and accompanying NPF4 implementation guidance enable SP Energy Networks to effectively support the delivery of Scotland's biodiversity and natural capital objectives, within the parameters of supporting the country's net zero objectives.

In SPM, we are using DEFRA's statutory Biodiversity Net Gain (BNG) metric. This year, we piloted the BNG metric using survey data from a 33kV substation project at Chester Motorway Services near Elton. The result was that SP Manweb needed to deliver additional compensation offsite to achieve the 10% net gain required by the project's planning condition. CWT agreed to provide 1.99 biodiversity units on its land at Owley Wood, Weaverham, as BNG mitigation and compensation. CWT is responsible for creating the habitat, maintaining and monitoring the site for 30 years, and complying with the Biodiversity Site Management Plan and other BNG documentation.

As well as measuring biodiversity enhancement across our network, we have ambitions to track and report on the value of natural capital and ecosystem services on our sites. We are working with consultants to develop a biodiversity and natural capital baseline of our estate, from which we will produce an annual report where we track the levels of biodiversity and value of natural capital and ecosystem services on our sites and the achievement of our targets. The aim is to publish the first iteration of this in 2026.

Case Study -
Cheshire Wildlife Trust Biodiversity Enhancement

As part of our commitment to achieving a 10% biodiversity uplift across 25 hectares of SP Energy Networks-owned sites and land beneath our network, we have been working in partnership with the Cheshire Wildlife Trust to enhance floodplain grazing marsh habitat for breeding and wintering waders. Key achievements to date include the successful creation of shallow wader ponds and the installation of new livestock fencing to support targeted conservation grazing. In 2024 the first phase of soft rush control was completed using mechanical flail topping. However, the deployment of the RSPB rotary ditcher and installation of pipework to connect newly created scrapes to the existing ditch network were delayed due to prolonged wet ground conditions and the bird nesting season. These works are now scheduled to commence in Q4 2025.

Commitments

Commitment	RAG
We will deliver 10% enhancement of biodiversity on 25 hectares across our existing network, on our non-operational land and existing linear infrastructure through collaboration with landowners, communities and local wildlife groups	G
We will implement a Biodiversity & Natural Capital Action Plan process to guide local operation implementation with the aim of increasing environmental value across our network.	G
We will collaborate with stakeholders, including other DNOs, throughout RIIO-ED2 to develop and pilot robust methodologies and tools for delivering Biodiversity and Natural Capital assessment.	G
We will engage with UK and devolved governments with the aim of influencing biodiversity and natural capital policy to facilitate delivery of our biodiversity and natural capital goals.	G
We will identify, and subsequently monitor and annually report, metrics to track the levels of biodiversity and value of natural capital and ecosystem services on our sites and the achievement of our targets.	A
We will form strategic partnerships with local ecological protection organisations to support our activities to improve habitats for wildlife and to support people's access to nature.	G

Action for Nature

Enhancing visual amenity

Historically, distribution networks in the UK have been constructed using overhead lines, following the most expedient routes to reach electricity consumers.

We have over 38,000 km of overhead lines supported by more than 600,000 poles and towers across our operating area. Some of these assets are located in or adjacent to protected sites such as National Parks, Areas of Outstanding Natural Beauty (AONB), and National Scenic Areas (NSA), as these areas have become designated over time. These overhead lines may impact the visual amenity of these sites and affect visitors' enjoyment.

A fund is available to network operators for mitigating the visual impacts associated with pre-existing electricity distribution infrastructure by removing selected overhead lines and replacing them with underground cables. Using this fund, our approach is to proactively underground overhead lines that have the greatest impact in nationally designated and protected landscapes, following a five-stage process:

1. Develop an approach to initiation and identification of distribution infrastructure.
2. Meet with relevant stakeholders.
3. Review nominations from relevant stakeholders.
4. Develop and implement undergrounding proposals.
5. Review undergrounding work.

Status Update

In SPM, during 2024, we completed visual amenity works in Abergwynnant, and work is ongoing at Rhos Mynach in Anglesey. During 2025 and 2026, we will begin works on several projects in Anglesey, Denbighshire, and the Llyn Peninsula.

To initiate these projects, we have been actively engaging with relevant councils to understand requirements and facilitate the necessary designs to bring our stakeholders' proposals to fruition.

Our High Voltage Overhead Line Design and Development team in SPM has been working alongside the Clwydian Range and Dee Valley AONB. This partnership has contributed to the completion of three separate projects, with many more in the planning stages.

Howard Sutcliffe, Clwydian Range and Dee Valley AONB officer, says: *"The first scheme at Bwlch Pen Barras was an achievement. The area is common land (moorland) and is visited by over 300,000 visitors per year."*

SPD has fewer designated visual amenity areas than SPM and therefore has only one major named project for RIIO-ED2: Holy Island. Physical works have not yet commenced on this project due to a complicated consents process, but it is still expected to be completed within the RIIO-ED2 period. SPD also has some smaller projects within the Dumfries and Galloway District, focusing on low voltage overhead lines within villages in visual amenity areas. By working closely with stakeholders to help them access the visual amenity allowance, we have not only improved the landscapes of our national parks and enhanced the resilience of our network, but we have also strengthened our relationships with local communities.

This year, 2.58 km of overhead lines were removed from the Ynys Môn (Anglesey) and Snowdonia National Park Areas of Outstanding Natural Beauty in the SPM licence area, and 0.1 km were removed from the Fleet Valley designated area in the SPD licence area.

Commitments

Commitment	RAG
We will remove 35km of overhead lines in Areas of Outstanding Natural Beauty National Parks, and National scenic areas.	A

Metrics

Location of OHL	Designated Site	OHL removed (km) 2023/24	OHL removed (km) 2024/25	RIIO-ED2 Total To Date
SP Distribution Area	Fleet Valley	2.07km	0.1km	2.17km
SP Manweb Area	Snowdonia National Park and Ynys Mon/ Anglesey	2.89km	2.58km	5.47km
Total Distribution		4.96km	2.67km	7.64km
RIIO-ED2 Target Removal		4.00km	4.00km	8.00km

Circular Economy

As a sustainable networks business, we are committed to incorporating circular economy principles into our policies, procedures and project delivery. We work collaboratively with our supply chain to improve the circularity of resources, recognising the value of keeping them in use for as long as possible and retaining their value. We have set challenging business targets to divert 100% of our waste from landfill by 2030, excluding 'compliance waste' (waste that must legally be disposed of to landfill).

Although there remain challenges including gathering certain data types and ensuring our waste contractors' data records are complete and submitted, we have worked hard to continue to improve our waste and materials data. We have done this by investing in a new AI driven data capturing tool, which is helping us record and manage our waste in a very efficient manner. It is giving us insight to the material inputs into projects as well as the waste outputs and we will continue to develop this tool to enable us to begin to measure recycled content. Through investing in these holistic and user-friendly systems we will be able to work with our supply chain to identify and target priority areas, for example increasing the % of our waste being reused or recycled.

Status update

In calendar year 2024 we diverted 94% of waste (direct and construction waste) from landfill, just short of the trajectory required to achieve 100% by 2030. We have marked this as amber in our RAG status but have a plan to get this back on track to meet the 2030 target. Part of our strategy is to increase supply chain engagement and focus on areas where waste is going to landfill.

Our ED2 commitment relates to both our direct operational waste and construction waste. When looking at only direct operational waste, we achieved a 98% diversion from landfill rate. The graphs below represent all waste, waste data specifically related to our direct operations is provided in the KPI tables section at the end of this report.

There is a noticeable difference in the volume of waste sent to recovery versus direct recycling between SPM and SPD. SPM shows a higher proportion of waste going directly to recycling, while SPD has a greater share directed to recovery. A significant amount of waste in Scotland currently goes to recovery, particularly energy recovery, largely due to the upcoming 2026 ban on sending biodegradable waste to landfill. We are investigating the underlying reasons for these differences. Our aim is to identify actionable insights that will enable us to take a targeted approach to increasing reuse and recycling across both SPD and SPM.

In November 2024, we launched a new AI-powered waste and resource tracking tool called Qflow. This innovative system enables our supply chain to capture and record waste data in real time through photographic evidence. Qflow performs multiple data validation checks, flagging any unclear Waste Transfer Notes (WTNs) as non-compliant. This ensures a transparent and reliable record of waste movements and custody.

The enhanced data provided by Qflow is giving us a much clearer understanding of our waste generation, treatment and final destination. We've begun using this data to initiate meaningful discussions, both internally and with our downstream supply chain, about how waste is being treated.

Qflow is also helping us improve our materials data, particularly regarding the percentage of recycled content in materials used during project delivery. By capturing key information from material deliveries, we will be able to track and report on the recycled content performance of our key materials for RIIO-ED3 and beyond.

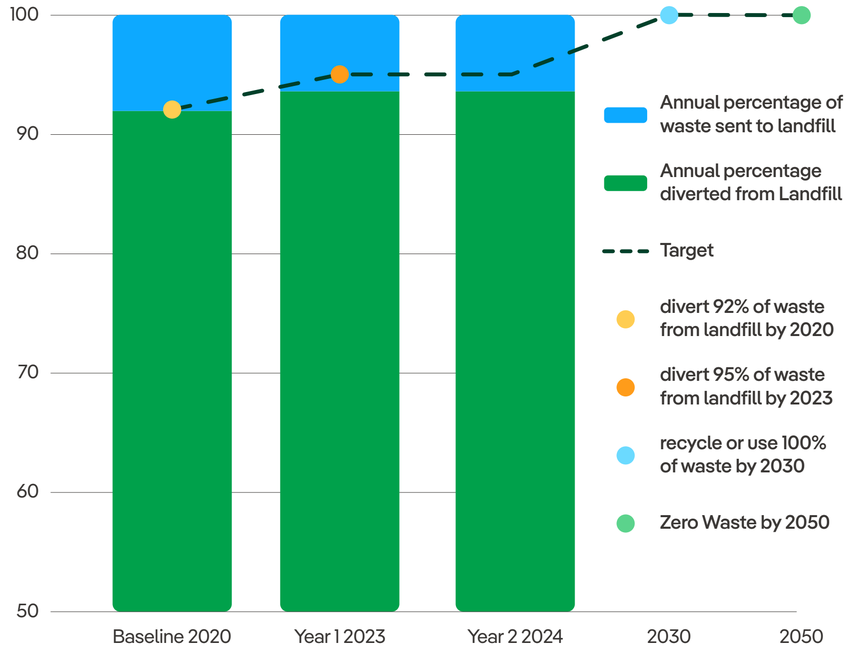
We are working to establish a baseline, metrics and targets for waste reduction per £1m of total annual expenditure and are working with planning and design teams to gather the data to enable these targets to be set.

We have been engaging with the materials industry to encourage and influence the reuse of materials. One focus area has been on treating excavated soils and stone, which accounts for the majority of our waste by weight. By reprocessing these excavated materials, recycled sand can be produced and used in other processes such as filling trenches as compaction material.

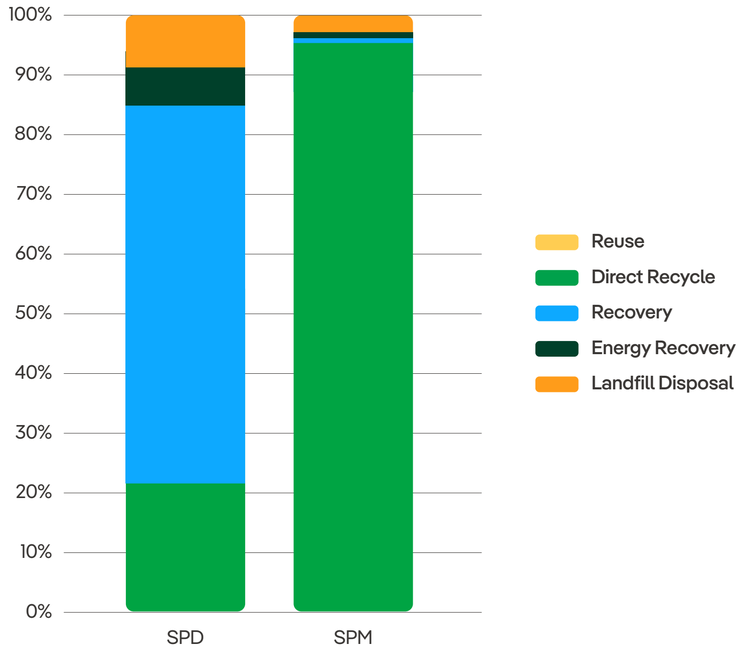
To help us tackle the final 6% of waste still going to landfill we will develop a Waste and Circular Economy implementation plan to focus our activity for the remainder of RIIO-ED2.

Metrics

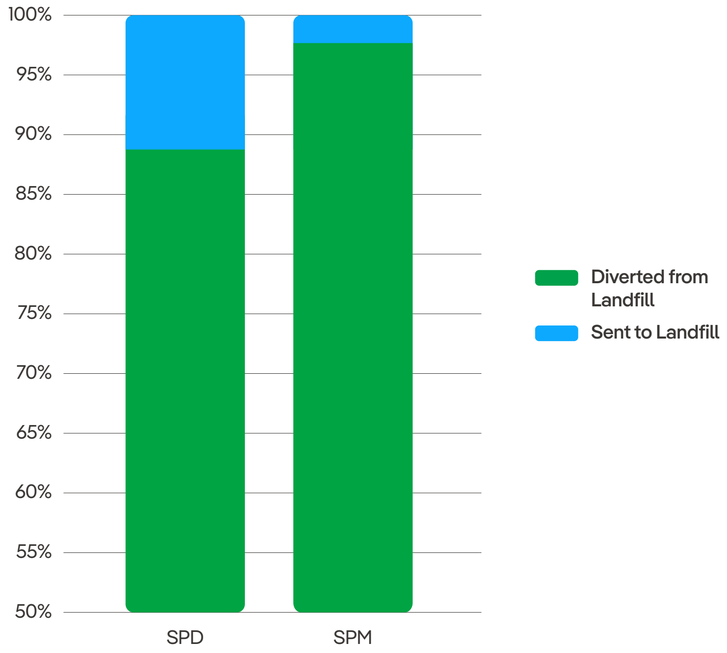
Waste Diverted from Landfill %



% Waste Treatment by Distribution License



2024 Waste Diverted from Landfill by Licence



Commitments

Commitment	RAG
We will divert 100% of our waste from landfill by 2030, excluding compliance waste.	A
We will establish a baseline and targets for waste reduction per £1m of total annual expenditure, to be achieved by the end of RIIO-ED2 and 2030 in line with our zero waste to landfill date	A
We will continue to collaborate with environmental/ waste regulators, other infrastructure companies and our supply chain to drive sustainable resource use and waste minimisation in order to meet our RIIO-ED2 and Sustainability Goals.	G
We will implement metrics to measure the sustainability of our resource use, with the aim of establishing a baseline to enable target setting during RIIO-ED2.	G
We will continue to report on actual waste to landfill, recycling and reuse as a percentage of total and we will commence reporting on all new waste and resource use metrics.	G
We will set targets for recycled & reused materials as a % of total input materials to be achieved by end RIIO-ED2 and 2030.	G
We will follow an appropriate, recognised standard such as BS8001 to embed circular economy principles where relevant throughout our business processes.	G

Case Study -
Transformer Restoration Process

We have continued to refurbish secondary substation transformers that have been taken off the network, but still have an appreciable asset life. This transformer restoration process continues to serve as a successful implementation of circular economy principles with 412 11kV transformers refurbished since 2019, saving a total of 4,165tCO2e embodied greenhouse gas emissions, with close to 839 tCO2e of savings made in the 2024/25 regulatory year. This is equivalent to 140 return flights from London to Australia.

Data and Assurance

Our RIIO-ED2 plan builds on our current performance by following a structured approach to achieving data maturity. This process begins with initial data collection, progresses through metric and baseline development and culminates in setting targets and tracking progress. This journey is visualised in our Data Maturity Matrix (see below), where we assess Key Priority Areas according to their current level of maturity. While we acknowledge there is more to do, we have continued to make meaningful improvements over the past year.

Data and Reporting Strategy

This year, we produced our Sustainability Data and Reporting Strategy. This strategy outlines our vision for data collection, analysis and reporting, as well as the necessary digital tools and timelines to achieve our sustainability goals and RIIO-ED2 commitments. The strategy roadmap details where we are today, where we need to be by 2028 and how we will strengthen our data and reporting processes to support our Sustainable Business Strategy.

Qflow Waste and Carbon Tool

In November 2024, we implemented Qflow, a tool that uses Optical Character Recognition (OCR) to scan waste transfer and material delivery notes from our own operations and those of our contractors. Qflow has improved contractor engagement and enhanced data completeness and accuracy. It also helps identify compliance issues on waste notes, such as missing permit details or expired licences, allowing us to take corrective action. Additionally, Qflow has provided greater insight into waste and carbon data, with detailed information on materials delivered to site, supporting our Circular Economy ambitions.

Digitalisation Roadmap

We have continued to develop a digitalisation roadmap that links directly to our Data and Reporting Strategy. Its aim is to enhance environmental and sustainability data capture, analytics and reporting capabilities across the organisation.

Data Quality

We operate under a robust internal assurance framework aligned with the Data Assurance Guidance (DAG) Licence Requirement. Its purpose is to reduce the risk of inaccurate reporting and ensure stakeholder confidence. In line with our Licence, this submission has undergone the following assurance stages:

- Risk Assessment
- Method Statement
- Second-Person Review
- Senior Manager Sign-Off

This framework supports the accuracy and completeness of our reporting prior to Director sign-off.

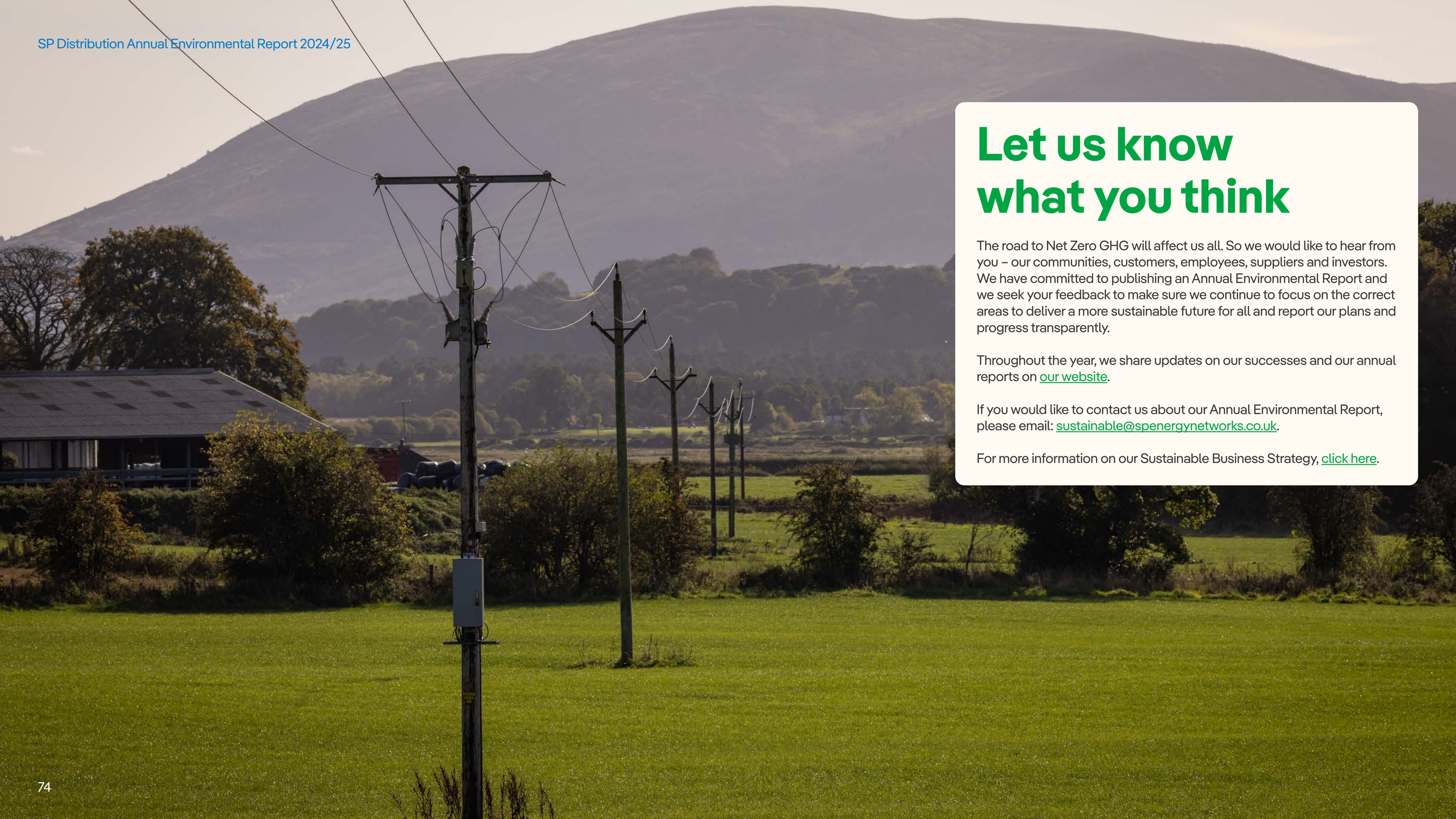
Our Business Carbon Footprint is subject to independent external assurance verification by Planet Mark. This verification is undertaken to provide a defined level of assurance in accordance with ISO 14064-3 (2019) “Specification with guidance for the validation and verification of greenhouse gas assertions.” We successfully obtained Planet Mark’s verification of our carbon footprint data this year. However, we were not successful in maintaining Planet Mark Certification, which requires a 5% reduction in emissions year on year, due to an increase in Distribution Losses.

The SP Energy Networks Certification Statement can be found here.

Commitments

Commitment	RAG
We will continue to provide transparent reporting of our environmental and sustainability performance by publishing an annual report of our progress against all environmental and sustainability commitments – in line with metrics and a format developed in collaboration with the other DNOs.	G
We will improve the quality of environmental data collected and analysed at all stages of the asset lifecycle, investing in enhanced IT systems and formalising data sharing collaborations with key stakeholders.	G

Data Maturity Matrix



Let us know what you think

The road to Net Zero GHG will affect us all. So we would like to hear from you – our communities, customers, employees, suppliers and investors. We have committed to publishing an Annual Environmental Report and we seek your feedback to make sure we continue to focus on the correct areas to deliver a more sustainable future for all and report our plans and progress transparently.

Throughout the year, we share updates on our successes and our annual reports on our website.

If you would like to contact us about our Annual Environmental Report, please email: sustainable@spenergynetworks.co.uk.

For more information on our Sustainable Business Strategy, click here.

Key Performance Indicators Annex

Business Carbon Footprint Scopes 1 & 2 - SPM

BCF Scope 1 & 2	Category	Sub-Category	Total Baseline Reduction Target tCO_2e RIIO-ED2 2028	Unit	2023/2024	2024/2025
	Operational Transport	**Total**		tCO_2e	**2,966**	**2,875**
		Road		tCO_2e	2,966	2,875
		Marine		tCO_2e	0	0
		Air		tCO_2e	0	0
	Building Energy Usage	**Total**		tCO_2e	**69**	**72**
		Electricity		tCO_2e	17	20
		Other fuels		tCO_2e	0	0
		Substation electricity		tCO_2e	32	33
		Gas		tCO_2e	19	19
	Fuel Combustion	**Total**		tCO_2e	**993**	**564**
		Diesel (excluding transport)		tCO_2e	993	505
		Diesel (embedded stations)		tCO_2e	0	0
		Other		tCO_2e	0	59
	Fugitive Emissions	**Total**		tCO_2e	**2,639**	**4,022**
		SF_6		tCO_2e	2,639	4,019
		Other IIG		tCO_2e	0	3
	Total Scope 1 and 2 Emissions (Excluding Losses)		**6,792**	tCO_2e	**6,666**	**7,533**
	Electricity Distribution Losses			tCO_2e	197,342	225,685
	Total Scope 1 and 2 Emissions (Including Losses)		**180,572**	tCO_2e	**204,007**	**233,218**

Carbon Offsets	Category	Unit	2023/2024	2024/2025
	Total Carbon offsets	tCO_2e	0	0

Business Carbon Footprint Scopes 1 & 2 - SPD

BCF Scope 1 & 2	Category	Sub-Category	Total Baseline Reduction Target tCO_2e RIIO-ED2 2028	Unit	2023/2024	2024/2025
	Operational Transport	**Total**		tCO_2e	**3,122**	**2,807**
		Road		tCO_2e	3,122	2,807
		Marine		tCO_2e	0	0
		Air		tCO_2e	0	0
	Building Energy Usage	**Total**		tCO_2e	**95**	**125**
		Electricity		tCO_2e	0	0
		Other fuels		tCO_2e	0	0
		Substation electricity		tCO_2e	6	7
		Gas		tCO_2e	89	119
	Fuel Combustion	**Total**		tCO_2e	**866**	**281**
		Diesel (excluding transport)		tCO_2e	866	152
		Diesel (embedded stations)		tCO_2e	0	0
		Other		tCO_2e	0	130
	Fugitive Emissions	**Total**		tCO_2e	**3,188**	**2,739**
		SF_6		tCO_2e	3,188	2,701
		Other IIG		tCO_2e	0	38
	Total Scope 1 and 2 Emissions (Excluding Losses)		**6,887**	tCO_2e	**7,271**	**5,952**
	Electricity Distribution Losses			tCO_2e	264,434	298,566
	Total Scope 1 and 2 Emissions (Including Losses)		**219,050**	tCO_2e	**271,705**	**304,518**

Carbon Offsets	Category	Unit	2023/2024	2024/2025
	Total Carbon offsets	tCO_2e	0	0

Key Performance Indicators Annex

SF_6 and other IIGs - SPM

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	HV	Total no. of assets containing SF_6		No. of Assets	14,849	15,601
		Total amount of SF_6 on network		kg	16,400	17,194
		No. of SF_6 assets replaced (per annum)		No. of Assets	25	25
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	36%	37%
		No. of SF_6 assets installed (per annum)		No. of Assets	463	414
SF_6 Emissions	HV	Leakage (per annum)		kg	96.51	144.78
		Leakage rate (% of bank)	0.31%	%	0.59%	0.93%
		Interventions (per annum)		#	0	1
		Impact of Interventions		kg	0.00	1.46

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	EHV	Total no. of assets containing SF_6		No. of Assets	1,887	1972
		Total amount of SF_6 on network		kg	8,151	8,541
		No. of SF_6 assets replaced (per annum)		No. of Assets	3	1
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	45%	47%
		No. of SF_6 assets installed (per annum)		No. of Assets	97	93
SF_6 Emissions	EHV	Leakage (per annum)		kg	4.11	20
		Leakage rate (% of bank)	0.31%	%	0.05%	1.02%
		Interventions (per annum)		#	0	0
		Impact of Interventions		kg	0.00	0.00

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	132kV	Total no. of assets containing SF_6		No. of Assets	97	99
		Total amount of SF_6 on network		kg	2,566	2,575
		No. of SF_6 assets replaced (per annum)		No. of Assets	1	0
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	6%	6%
		No. of SF_6 assets installed (per annum)		No. of Assets	15	1
SF_6 Emissions	132kV	Leakage (per annum)		kg	11.66	6.13
		Leakage rate (% of bank)	0.31%	%	0.45%	6.19%
		Interventions (per annum)		#	0	0
		Impact of Interventions		kg	0.00	0.00

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	All Voltages	Total no. of assets containing SF_6		No. of Assets	16,833	17,672
		Total amount of SF_6 on network		kg	27,117	28,310
		No. of SF_6 assets replaced (per annum)		No. of Assets	29	26
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	36%	37%
		No. of SF_6 assets installed (per annum)		No. of Assets	575	508
SF_6 Emissions	All Voltages	Leakage (per annum)		kg	112.28	171.02
		Leakage rate (% of bank)	0.31%	%	0.41%	0.97%
		Interventions (per annum)		#	0	1
		Impact of Interventions		kg	0.00	1.46

Note: calculation method for "% of assets containing SF_6" has changed in line with other DNO's. Instead of considering only IIG filled assets, it now considers all Switchgear assets.

Key Performance Indicators Annex

SF_6 and other IIGs - SPD

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	HV	Total no. of assets containing SF_6		No. of Assets	21,808	22,515
		Total amount of SF_6 on network		kg	18,211	18,927
		No. of SF_6 assets replaced (per annum)		No. of Assets	62	39
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	51%	52%
		No. of SF_6 assets installed (per annum)		No. of Assets	517	562
SF_6 Emissions	HV	Leakage (per annum)		kg	82.86	80.412
		Leakage rate (% of bank)	0.31%	%	0.45%	0.36%
		Interventions (per annum)		#	0	0
		Impact of Interventions		kg	0.00	0.00

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	All Voltages	Total no. of assets containing SF_6		No. of Assets	23,031	23,789
		Total amount of SF_6 on network		kg	23,490	24,490
		No. of SF_6 assets replaced (per annum)		No. of Assets	68	39
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	50%	52%
		No. of SF_6 assets installed (per annum)		No. of Assets	575	596
SF_6 Emissions	All Voltages	Leakage (per annum)		kg	135.66	114.92
		Leakage rate (% of bank)	0.31%	%	0.58%	0.48%
		Interventions (per annum)		#	0	0
		Impact of Interventions		kg	0.00	0.00

Category	Voltage	Sub-Category (where applicable)	Decarbonisation Target & Metric to End of RIIO-ED2 (2028)	Unit of Measure	2023/2024	2024/2025
SF_6 Bank	EHV	Total no. of assets containing SF_6		No. of Assets	1,223	1,274
		Total amount of SF_6 on network		kg	5,280	5,563
		No. of SF_6 assets replaced (per annum)		No. of Assets	6	0
		No. of SF_6 alternative assets (per annum)		No. of Assets	0	0
		% of assets containing SF_6 (% of bank)		%	50%	51%
		No. of SF_6 assets installed (per annum)		No. of Assets	58	34
SF_6 Emissions	EHV	Leakage (per annum)		kg	52.80	35
		Leakage rate (% of bank)	0.31%	%	1.00%	2.71%
		Interventions (per annum)		#	0	0
		Impact of Interventions		kg	0.00	0.00

Note: calculation method for "% of assets containing SF_6" has changed in line with other DNO's. Instead of considering only IIG filled assets, it now considers all Switchgear assets.

Key Performance Indicators Annex

Distribution Losses - SPM

Electricity Distribution Losses	Target RIIO2-ED2 2028	Unit	2023/2024	2024/2025
Annual Losses	970	GWh	953	1095
Share of Total Electricity Distributed		%	6.88%	7.82%
Carbon Equivalent	189,238	tCO_2e	197,342	225,685
Annual Interventions completed	225	#	40	28
Impact of Interventions (per annum)	8,699	MWh	338	497
Impact of Interventions (per annum)	1,788	tCO_2e	70	103

Interventions Description	Unit	2023/2024	2024/2025	Unit	2023/2024	2024/2025	Unit	2023/2024	2024/2025
Undertake early replacement of high loss 6.6/11kV Transformer (GM)	#	40	28	MWh	338	497	tCO_2e	70	103
Theft in Conveyance Investigations	#	140	92	MWh	3	6	tCO_2e	1	1
Funding of Internal and External Revenue Protection Inspections	#	5,119	4,593	MWh	14,706	22,586	tCO_2e	3,045	4,676

Distribution Losses - SPD

Electricity Distribution Losses	Target RIIO2-ED2 2028	Unit	2023/2024	2024/2025
Annual Losses	1,218	GWh	1,277	1442
Share of Total Electricity Distributed		%	7.68%	8.63%
Carbon Equivalent	237,563	tCO_2e	264,434	298,566
Annual Interventions completed	574	#	76	120
Impact of Interventions (per annum)	27,294	MWh	596	1530
Impact of Interventions (per annum)	5,615	tCO_2e	123	317

Interventions Description	Unit	2023/2024	2024/2025	Unit	2023/2024	2024/2025	Unit	2023/2024	2024/2025
Undertake early replacement of high loss 6.6/11kV Transformer (GM)	#	76	120	MWh	596	1,530	tCO_2e	123	317
Theft in Conveyance Investigations	#	181	119	MWh	8	13	tCO_2e	2	3
Funding of Internal and External Revenue Protection Inspections	#	6,338	5,127	MWh	6,017	12,769	tCO_2e	1,246	2,644

Key Performance Indicators Annex

Supply Chain Management - SPM

Supply Chain Management	Unit	Target by end of RIIO-2 ED2 2028	2023/2024	2024/2025
Percentage of suppliers meeting licensees supplier code	Cumulative % by Annual Spend	80%	61%	66%

Supply Chain Management - SPD

Supply Chain Management	Unit	Target by end of RIIO-2 ED2 2028	2023/2024	2024/2025
Percentage of suppliers meeting licensees supplier code	Cumulative % by Annual Spend	80%	65%	65%

Resource Use and Waste - SPM

Waste Destination - Non Hazardous/Non Special	Unit	2023/2024	2024/2025
Total Waste Produced directly by Licencee	Tonnes	1,865.89	903.83
% Reused/Recycled	%	76	60
% Energy from Waste	%	13	30
% Sent to Landfill	%	4	2
% Other - (Recovery)	%	7	8
% of Waste Diverted from Landfill (excluding compliance waste)	%	96	98

Waste Destination - Non Hazardous/Non Special	Unit	2023/2024	2024/2025
Total Waste Produced directly by Licencee	Tonnes	611	175
% Reused/Recycled	%	88	82
% Energy from Waste	%	0	0
% Sent to Landfill	%	2	0
% Other (Recovery)	%	10	18
% of Waste Diverted from Landfill (excluding compliance waste)	%	98	100

Resource Use and Waste - SPD

Waste Destination - Non Hazardous/Non Special	Unit	2023/2024	2024/2025
Total Waste Produced directly by Licencee	Tonnes	1,526.91	984.5
% Reused/Recycled	%	77	57
% Energy from Waste	%	16	36
% Sent to Landfill	%	3	5
% Other - (Recovery)	%	3	3
% of Waste Diverted from Landfill (excluding compliance waste)	%	97	95

Waste Destination - Non Hazardous/Non Special	Unit	2023/2024	2024/2025
Total Waste Produced directly by Licencee	Tonnes	1,305.38	1,129.96
% Reused/Recycled	%	100	100
% Energy from Waste	%	0	0
% Sent to Landfill	%	0	0
% Other (Recovery)	%	0	0
% of Waste Diverted from Landfill (excluding compliance waste)	%	100	100

Note: waste is now reported in line with other DNO's to include only 'Direct' waste relating to waste handled by our own contracted Waste Management Companies. However, in the main report we have included waste from all our operations including maintenance and construction activities carried out by subcontractors on our behalf in line with our EAP commitment.

Key Performance Indicators Annex

Visual Amenity - SPM

Visual Amenity Scheme	Units	2023/2024	2024/2025
Removal of overhead lines (due to a visual amenity scheme)	km	2.89	2.58
No. of Amenity Schemes	#	8	2
Other (if applicable)			

Visual Amenity - SPD

Visual Amenity Scheme	Units	2023/2024	2024/2025
Removal of overhead lines (due to a visual amenity scheme)	km	2.07	0.10
No. of Amenity Schemes	#	1	1
Other (if applicable)			

Noise Pollution - SPM

Noise	Units	2023/2024	2024/2025
No of Complaints Received	#	9	13
No of Complaints Leading to Intervention	#	9	13

Noise Pollution - SPD

Noise	Units	2023/2024	2024/2025
No of Complaints Received	#	0	27
No of Complaints Leading to Intervention	#	0	27

Key Performance Indicators Annex

PCB - SPM

PCBs - Pole Mounted Transformers	Units	2023/2024	2024/2025
No. of assets PCB contaminated or statistically likely to be contaminated (i.e. no. remaining on PCB register held with environmental regulator)	#	4,419	3,572
No. of assets PCB negative or statistically likely to be negative (i.e. no. that can be removed from PCB register held with environmental regulator)	#	2,190	1912
No. of asset replacements due to known or statistically likely PCB contamination	#	1179	1511
No. of assets tested to confirm levels of PCB contamination	#	0	0

PCBs - Ground Mounted Transformers	Units	2023/2024	2024/2025
No. of assets PCB contaminated or suspected to be contaminated (i.e. no. remaining on PCB register held with environmental regulator)	#	0	2
No. of assets PCB negative (i.e. no. that can be removed from PCB register held with environmental regulator)	#	0	0
No. of asset replacements due to known or suspected PCB contamination	#	0	0
No. of assets remediated due to known or suspected PCB contamination	#	0	0
No. of assets tested to confirm levels of PCB contamination	#	0	0

PCBs - Other assets	Units	2023/2024	2024/2025
No. of assets PCB contaminated or suspected to be contaminated (i.e. no. remaining on PCB register held with environmental regulator)	#	3	3
No. of assets PCB negative (i.e. no. that can be removed from PCB register held with environmental regulator)	#	0	0
No. of asset replacements due to known or suspected PCB contamination	#	324	409
No. of assets remediated due to known or suspected PCB contamination	#	0	0
No. of assets tested to confirm levels of PCB contamination	#	0	0

PCB - SPD

PCBs - Pole Mounted Transformers	Units	2023/2024	2024/2025
No. of assets PCB contaminated or statistically likely to be contaminated (i.e. no. remaining on PCB register held with environmental regulator)	#	4,156	2,197
No. of assets PCB negative or statistically likely to be negative (i.e. no. that can be removed from PCB register held with environmental regulator)	#	39	77
No. of asset replacements due to known or statistically likely PCB contamination	#	583	2035
No. of assets tested to confirm levels of PCB contamination	#	204	0

PCBs - Ground Mounted Transformers	Units	2023/2024	2024/2025
No. of assets PCB contaminated or suspected to be contaminated (i.e. no. remaining on PCB register held with environmental regulator)	#	0	0
No. of assets PCB negative (i.e. no. that can be removed from PCB register held with environmental regulator)	#	0	0
No. of asset replacements due to known or suspected PCB contamination	#	1	0
No. of assets remediated due to known or suspected PCB contamination	#	0	0
No. of assets tested to confirm levels of PCB contamination	#	0	0

PCBs - Other assets	Units	2023/2024	2024/2025
No. of assets PCB contaminated or suspected to be contaminated (i.e. no. remaining on PCB register held with environmental regulator)	#	0	323
No. of assets PCB negative (i.e. no. that can be removed from PCB register held with environmental regulator)	#	0	0
No. of asset replacements due to known or suspected PCB contamination	#	79	413
No. of assets remediated due to known or suspected PCB contamination	#	0	0
No. of assets tested to confirm levels of PCB contamination	#	0	0

Key Performance Indicators Annex

FFC - SPM

Fluid Filled Cables Oil Loss	Sub Category	Unit	2023/2024	2024/2025
	FFC in service	km	150.5	149.6
	Oil in Service	Litres	662,200	661,001
	Cable Oil Top Up	Litres	2,538	5,592
	Fluid Used to Top Up Cables as a percentage of volume in service	%	0.38%	0.85%
	Removal of FFC	km	0	0
	Leak (Reduction)/Increase	Litres	-10,883	3,054
	Oil Recovered	Litres	65	257

FFC - SPD

Fluid Filled Cables Oil Loss	Sub Category	Unit	2023/2024	2024/2025
	FFC in service	km	31.1	31.1
	Oil in Service	Litres	93,300	93,300
	Cable Oil Top Up	Litres	70	62
	Fluid Used to Top Up Cables as a percentage of volume in service	%	0.08%	0.07%
	Removal of FFC	km	0	0
	Leak (Reduction)/Increase	Litres	45	-8
	Oil Recovered	Litres	0	0

Commitments Annex

R Red - at risk and highly likely to be unachievable

A Amber - delayed but still likely to be achieved

G Green - on track and progressing as planned

Key Priority Area	Impact Area	EAP Commitment	Timeline	2024/25 Status Update	RAG Status
Sustainable Society	Step Change	We will publish our Just Transition Strategy by the start RIIO-ED2. We will embed the principles of a Just Transition into our business planning throughout RIIO-ED2 and continue to engage our customers and stakeholders to understand local needs. We will review our progress via an independent annual review.	Throughout RIIO-ED2	Our Just Transition Strategy was published in March 2023. Our first annual report was published in Q2 2024.	G
		We will embed environmental sustainability considerations in our business processes whilst maintaining and continually improving our ISO14001 certified Environmental Management System. This will enable us to achieve 'beyond compliance' environmental performance and our sustainability goals.	Throughout RIIO-ED2	During regulatory year 2024/25 SPEN maintained our certification of ISO14001 with an external recertification audit of our Environmental Management System. We are continuing to embed the recommendations and opportunities from this report into our internal systems.	G
		We will continue to provide transparent reporting of our environmental and sustainability performance by publishing an annual report of our progress against all environmental and sustainability commitments – in line with metrics and a format developed in collaboration with the other DNOs.	Throughout RIIO-ED2	An Annual Environmental Report has been created providing an update on progress towards meeting our commitments to stakeholders. The report provides a narrative update, case studies and relevant KPIs to present our performance against targets.	G
		We will improve the quality of environmental data collected and analysed at all stages of the asset lifecycle, investing in enhanced IT systems and formalising data sharing collaborations with key stakeholders.	Throughout RIIO-ED2	The Sustainability Data and Reporting Strategy has now been published internally. This strategy provides a framework for data quality improvements over the ED2 period. It also incorporates our strategy for digitalisation of sustainability data to automate data collection and standardise and simplify reporting.	G
		We will continue to ensure that our staff, contractors and suppliers have the skills and knowledge to allow us and our supply chain to move beyond compliance and achieve our Sustainability Goals, by identifying and ensuring delivery of appropriate environmental training.	Throughout RIIO-ED2	For calendar year 2024 76% of staff environmental training was delivered, falling short of our 90% target, however we expect to be back on track in 2025/26. 57% of our Supply Chain companies have completed training hosted by the Supply Chain Sustainability School.	A
		We will embed a process for Initial Environmental and Sustainability Reviews (IESRs) for all relevant projects, to identify potential environmental issues and opportunities at the earliest stage.	By 2023	We have reviewed and amended Internal approval papers to include an assessment of Carbon, Biodiversity and Natural Capital. We are developing measurement tools to better inform the initial assessment.	G

Commitments Annex

R Red - at risk and highly likely to be unachievable

A Amber - delayed but still likely to be achieved

G Green - on track and progressing as planned

Key Priority Area	Impact Area	EAP Commitment	Timeline	2024/25 Status Update	RAG Status
Supply chain sustainability	Supply chain sustainability	We will further enhance environmental sustainability standards and performance metrics in our contracts by 2023 and will collaborate with our supply chain to target more than 80% of RIIO-ED2 suppliers (by value) meeting these standards.	By 2028	65.5% of our Distribution suppliers (by value) meet our environmental sustainability standards. We will continue to engage to increase this in line with our commitment.	G
		We will increase consideration of environmental sustainability in our procurement processes in line with ISO20400 Sustainable Procurement Standard, including a carbon metric as a minimum.	By 2023	Work is being undertaken in an upcoming consultancy piece to highlight supply chain engagement on the ISO20400.	G
		We will continue to be a Supply Chain Sustainability School Partner, requiring contractors and suppliers for all new contracts to become members and undertake relevant sustainability and environmental training.	Throughout RIIO-ED2	We have increased our percentage of priority suppliers being registered as members of the SCSS from 45% to 57.5%. We will be holding engagement sessions with our Supply Chain leads to discuss how to move towards 80% .	G
		We will engage with suppliers early in the development of projects to enable them to propose environmental improvements at concept and design stages.	By 2025	We are holding Supply Chain forums to move this commitment forward.	G
		We will engage with suppliers throughout the duration of their contracts to continue to reduce impacts and optimise benefits.	Throughout RIIO-ED2	We are holding Supply Chain forums to move this commitment forward.	G
Climate Action	Science Based Targets & Net Zero Target	We will deliver efficient and economic actions to reduce our scope 1, 2 & 3 business carbon footprint by 67.2% by 2035 from a 2018/19 baseline, in line with validated Science-Based Targets aligned to a 1.5°C pathway.	By 2028	The most significant reductions from our 2018/19 baseline have been driven by decreased emissions from depot and substation energy use, as well as the introduction of HVO as a replacement for diesel. Scope 3 emissions currently account for approximately 49% of our total emissions. To consolidate our progress and future direction, we have developed a comprehensive Net Zero Transition Plan. This plan outlines SPEN's ambition to achieve Net Zero by 2035 and details the strategic steps required to reach this goal. It demonstrates our commitment to holistic thinking and evidence-based planning, ensuring our targets are both ambitious and achievable.	G
		We will minimise our carbon footprint to achieve Net Zero carbon by 2035.	Throughout RIIO-ED2	We have reduced business carbon footprint emissions in line with the trajectory towards our 2035 Net Zero GHG target. However, we expect our overall emissions reduction trajectory to be non-linear. This means some parts of our carbon footprint may decarbonise in line with the 2035 Net Zero pathway, some may decarbonise faster, and others may lag. The focus is on the overall outcome, meaning any shortfall in one area must be balanced by greater reductions in another.	G
		We will achieve Carbon Neutrality by 2023 for our Scope 1 & 2 business carbon footprint excluding Losses.	Throughout RIIO-ED2	We did not offset our emissions in the second year of RIIO-ED2, as we are currently developing a framework that aligns with the evolving carbon offsetting market. Once this framework is established, we intend to retrospectively offset emissions from both the first and second years of RIIO-ED2 in subsequent reporting periods.	A
		We will align our offsetting approach to the Oxford Principles for Net Zero Aligned Carbon Offsetting, ensuring high probability of 'Additionality' and low probability of 'Reversibility', delivering additional environmental and social benefits where practical.	Throughout RIIO-ED2	We are aligned with The Oxford Principles for Net Zero Aligned Carbon Offsetting to ensure our offsetting approach is robust and credible. This commitment will be published as part of the Net-Zero Transition Plan, which is currently being developed by SPEN in collaboration with Planet Mark.	G

Commitments Annex

R Red - at risk and highly likely to be unachievable

A Amber - delayed but still likely to be achieved

G Green - on track and progressing as planned

Key Priority Area	Impact Area	EAP Commitment	Timeline	2024/25 Status Update	RAG Status
Climate Action	Science Based Targets & Net Zero Target	We will identify metrics, and associated targets, for RIIO-ED2 to track the impact of implementing actions and the overall progress towards our carbon reduction targets.	By 2023	We developed a commitment tracker last reporting period to track the overall progress towards our carbon reduction targets, and are continuing reporting against all relevant metrics and targets.	G
		We will implement processes for carbon management in relevant business activities, aligned with PAS 2080 Carbon Management in Infrastructure.	By 2025	By the end of 2025, we will have defined Distribution work processes, identified where to integrate carbon targets, developed and planned carbon management training for relevant staff, and aligned these preparations with PAS 2080. Current PAS2080 is not fully fit for purpose and such we will need it to be more explicit in certain areas.	A
	Operational Transport	We will decarbonise our operational fleet by 2030, replacing 100% (over 800) of our cars and vans with electric alternatives in line with the Iberdrola EV100 commitment and will seek to further accelerate this to 2028.	By 2028	We have replaced 41 of our petrol / diesel cars and small vans with electric alternatives to date. We are behind our target; electric alternatives to our larger vans which must travel long distances and carry heavy loads are not yet commercially available. We are working with our fleet teams to accelerate the transition to electric vehicles where we can during RIIO-ED2 and as such 89 EVs will be rolled out between August - December 2025 and we expect the number of EV's to increase as deliveries commence at the end of 2025.	R
		We will install electric vehicle charging infrastructure for our operational fleet at our sites	Throughout RIIO-ED2	While no EV charging infrastructure was installed at ScottishPower Estates sites during 2024/25, this period was dedicated to strategic planning, partnership development, and infrastructure redesign. The focus was on ensuring future installations are innovative, sustainable, and low-impact, with delivery scheduled by the end of 2025.	A
		We will strive to lead the decarbonisation of fleet vehicles, working with suppliers and other fleet operators to pilot technically viable alternatives to drive technical advancements and early adoption.	Throughout RIIO-ED2	As of July 2025 SPEN has trailed 7 different types of EV on across the business, with this number growing within the year. This will include testing a 8 tonne truck in SPT in the next quarter. This will support our greatest challenge in this area: replacing large diesel vans and 4x4s with electric alternatives.	G
	SF_6	We will reduce our SF_6 leakage by 10% over the RIIO-ED2 period compared to RIIO-ED1.	By 2028	During the regulatory year 2024/25, we bettered our second year target of a 5% reduction in SF_6 leakage. The recorded SF_6 leakage was lower than the amount needed to meet this 5% reduction target. As a result we exceeded our target as the less we leak, the higher the percentage reduction. It is important to note that the reported leakage pertains solely to SF_6 used for top-ups and does not account for any disposals.	G

Commitments Annex

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Key Priority Area	Impact Area	EAP Commitment	Timeline	2024/25 Status Update	RAG Status
Climate Action	SF_6	We will use alternatives to SF_6 insulating gas for all new circuit breakers, Ring Main Units and Gas Insulated Switchgear installations at all voltages, where there are technically feasible market-ready solutions.	Throughout RIIO-ED2	We have implemented our Policy for the Procurement of Equipment Containing Dielectric Gas, prioritising SF_6-free solutions where feasible. Most new 132kV installations now use alternative technologies unless the carbon cost calculator indicates SF_6 remains the lower-impact option. At lower voltages, we're progressing with our first 11kV Ring Main Unit using a gas with zero global warming potential. We've now installed 1 x SF_6-free RMU at 11kV in SPD & SPM, marking early progress despite higher costs and limited product availability. While not yet mandated, we're gradually integrating these units as part of our transition strategy. SF_6 may still be authorised in exceptional cases due to technical or supply chain constraints, but our approach ensures environmental impact is weighed alongside operational needs.	A
		We commit to reporting on total SF_6 Bank and leakage reduction rates using a common Distribution Network Operator (DNO) methodology.	By 2023	We are reporting SF_6 Bank and Leakage in line with the Energy Networks Association (ENA) Engineering Recommendation S38 guidance.	G
		We will continue to carefully manage our assets in line with our SF_6 Strategy to minimise SF_6 leakage, repair leaks quickly, and where this is not possible, replace the asset before its anticipated end of life.	Throughout RIIO-ED2	Recorded leakage rates (based on top ups) decreased in SPD (-0.4kg), but slightly increased in SPM (+0.79kg) relative to last year and we are working to fix leaks as quickly as possible in line with EREC S38. Delays to repairs can occur due to lead times with specialist suppliers.	G
		We will continue to require manufacturers to provide equipment with a SF_6 leakage rate which is half that of the internationally recognised standards, where technically viable.	Throughout RIIO-ED2	We set guidelines on leakage rates for new plant items which are purchased. These are generally much lower than the minimum international standards. However, we need to do a full review to ensure we are specifying half the international standard - particularly as standards evolve and become more stringent.	A
		We will drive the development and adoption of SF_6 – free technologies, collaborating with supply chain and industry peers and piloting new technologies where technically viable.	Throughout RIIO-ED2	Still in flight, but works going ahead in collaboration with Original Equipment Manufacturers to develop SF_6 free solutions.	G
	Generators	We will analyse our generator use and set targets for reduction in carbon emissions to be achieved by end of RIIO-ED2.	By 2023	We have set a target to reduce generator emissions per MWh of power supplied by 76% by the end of RIIO-ED2. We are targeting a linear reduction towards our target. We are ahead of our target for 2024/25.	G
	Building Energy Use	We will continue to purchase green electricity through a 100% UK-based renewable energy tariff backed by Power Purchase Agreements (PPA) for all our buildings. Beyond this, we will reduce our buildings and substations energy consumption by a minimum of 15.2GWh (8%) over the RIIO-ED2 period.	By 2028	The GHG emissions from Buildings electricity was almost zero in 2024/25 as the electricity we purchased was through a REGO tariff backed by Power Purchase Agreements (PPA). Energy efficiency measures were carried out on 342 substations, the works included replacement of all heating, lighting and controls to bring into line with the latest Civil specification. These updates have resulted in cumulative savings of 0.48GWh for the first two years of ED2. For offices and depots, no energy efficiency works have been carried out yet, but we anticipate that refurbishment works will shortly proceed within 3 of our strategic offices and depots and 3 new build offices are planned during the RIIO-ED2 price control for SPD.	G

Commitments Annex

R Red - at risk and highly likely to be unachievable

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G Green - on track and progressing as planned

Key Priority Area	Impact Area	EAP Commitment	Timeline	2024/25 Status Update	RAG Status
Climate Action	Building Energy Use	We will reduce energy consumption by a total of 3.4GWh at 650 of our primary substations by applying our recently updated civil specifications (including improvements to heating, lighting and insulation).	Throughout RIIO-ED2	In 2024/25, a total of 342 substations (primary and secondary) were completed across SPD and SPM. The rewiring works for these substations included the replacement of all heating, lighting, and control systems to comply with the latest Civil specification. These upgrades resulted in energy savings of approximately 0.20 GWh in year one and 0.28 GWh in year two, yielding a cumulative savings of 0.48 GWh for the first two years of ED2. The energy savings were calculated by the Sustainability Team using the Energy Savings methodology, which was originally developed to estimate commitment savings and set performance targets.	G
		We will refurbish 8 of our strategic office and depot sites, implementing energy efficiency measures to achieve BREEAM ratings of 'excellent' for new build and 'very good' for refurbishments, to reduce consumption by 11.7GWh over the RIIO-ED2 period.	Throughout RIIO-ED2	Three new build offices are planned during the RIIO-ED2 price control for SPD. Three refurbishments at our Berwick, Kilmarnock and Stranraer depots are underway. However during RIIO-ED2 only the design and tendering processes will be complete, the full refurbishments will now be done in RIIO-ED3. No refurbishment works are due to be undertaken for SPM during the RIIO-ED2 price control, as these have all now been moved into RIIO-ED3 price control.	R
		We will pilot and monitor renewable generation at substation and/or depot sites to offset building energy demand.	By 2028	There have been no works completed to date, but external Solar PV arrays to offset building energy demand with associated on-site battery storage is being considered in the proposals.	A
	Losses	In RIIO-ED2, we will continue to implement our Losses Strategy to avoid an estimated 36 GWh of network losses, thereby limiting losses to a lower level than would otherwise be the case.	Throughout RIIO-ED2	We are proactively mitigating technical losses increase through our programme of replacement of high loss transformers. These transformers are fullly financially depreciated, but would otherwise not be replaced under a condition or risk-driven lifecycle program for 10+ more years. Progress is on target, with (596.21 MWh (SPD) + 338.22 MWh (SPM) = 934.43 MWh) mitigated through transformer replacement in 2023-2024, and (1529.93 MWh (SPD) + 497.2 MWh (SPM) = 2027.13 MWh) in 2024-2025, totalling 2961.56 MWh (or 2.96 GWh) over these two years through high loss transformer replacements alone.	A
		We will continue to lead the Energy Networks Association Technical Losses Group to improve industry understanding of losses.	Throughout RIIO-ED2	The ENA Technical Losses Working Group has not yet been reconvened for RIIO-ED2 and it appears unlikely to reconvene.	A
		We will continue to drive the development and understanding of losses by contributing to the evidence base on the proportion of losses that network companies can influence/control, collaborating with supply chain and industry peers and piloting new technology such as the MAAV.	Throughout RIIO-ED2	We are continuing to improve our modelling and understanding of losses through development of analytical tools and use of smart meter and LV monitoring data. We are currently establishing our Contact Voltage detection programme using the MAAV. There have been delays in deployment of the MAAV but it remains in ED2 plans for deployment.	A
		We will continue to consider and minimise network losses throughout all design and connections activities.	Throughout RIIO-ED2	We continue to apply our policy of a losses-aware approach to all design and asset replacement activities. Our Losses Strategy is based upon a high-level vision that we will consider all reasonable measures that can be applied to reduce losses and will adopt those measures which provide benefit for customers.	G
		We will pro-actively target high-loss legacy assets for replacement with modern low-loss alternatives.	By 2028	We continue our programme of early replacement of highest-loss secondary transformers.	G

Commitments Annex

R Red - at risk and highly likely to be unachievable

A Amber - delayed but still likely to be achieved

G Green - on track and progressing as planned

Key Priority Area	Impact Area	EAP Commitment	Timeline	2024/25 Status Update	RAG Status
Climate Action	Losses	We will report on the progress of implementing the losses strategy and associated performance measures.	Throughout RIIO-ED2	This report summarises the progress of our RIIO-ED2 losses strategy initiatives.	G
		We will use a minimum underground mains cable size of 300mm2 to further reduce losses, where it is cost effective and appropriate to do so.	Throughout RIIO-ED2	The losses strategy demonstrated which cases where a minimum 300m2 cable size (over a 185mm2 cable size) is likely to provide value: this is generally where the load factor is over 0.5. This minimum cable size is now part of our construction standard.	G
		We will continue to use a minimum pole mounted transformer size of 25kVA to further reduce losses on our network.	Throughout RIIO-ED2	We will continue to use a minimum pole mounted transformer size of 25kVA, and have developed a template for how to assess where in fact a larger transformer size is more appropriate. This is part of our construction standard.	G
	Business Transport	We will continue to implement our 2021 Business Travel Policy to reduce business travel emissions by at least 580 tCO_2e during RIIO-ED2.	Throughout RIIO-ED2	The implementation of our Travel Policy has led to approximately 51% reduction in combined miles travelled by rail and domestic flights (using 2019/20 as a baseline year). We estimate that this has led to a savings of 117 tCO_2e in 2024/25 and a cumulative savings of 249 tCO_2e since the beginning of ED2.	G
Supply chain sustainability	Embodied carbon	We will require strategic suppliers to set Science-Based Targets within 5 years, aiming for 80% of our supply chain by value.	By 2028	We have seen a decrease from 44% to 34% to date, we will be holding engagement sessions with our supply chain leads to discuss how to move towards 80%.	A
Climate Action	Embodied carbon	We will create a new role in RIIO-ED2 to drive actual reduction in Scope 3 carbon emissions in our supply chain by 100k tCO_2e	By 2023	In the second year of RIIO-ED2, this role has primarily focused on engaging with teams across the business, presenting at SPEN and SPM calls to showcase examples of best practice and innovative strategies. These include project, framework, and depot-level initiatives that help reduce material usage, fuel consumption, and improve efficiency through reuse of materials, all contributing to lower Scope 3 carbon emissions. The role has also asked DGMs and the 132kV team to share similar examples, which are then assessed and quantified. So far, approximately 2.12 $KtCO_2e$ of emissions have been identified as saved.	G
		We will introduce a measurement tool for embodied carbon and other capital carbon emissions to establish a baseline and a set a target to reduce carbon on new projects during RIIO-ED2.	By 2023	We have implemented processes for carbon management in relevant business activities, aligned with PAS 2080 Carbon Management in Infrastructure. We continue to report embodied carbon using One Click LCA, which enables us to assess the environmental impact of civil works on large-scale projects. In addition, we have calculated embodied carbon for electrical assets using our Distribution RRP Embodied Carbon Calculator, aligned with the CAt Database. We are also piloting an internally developed SAP-based embodied carbon tool on a relevant project, with the aim of mapping carbon costs to all items of plant associated with distribution assets and use for long term embodied carbon calculations.	A

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Climate Action	Embodied carbon	We will work collaboratively with our stakeholders, including the other Distribution and Transmission Network Operators, throughout RIIO-ED2 with the aim of assessing and managing capital carbon on our projects, driving effciencies throughout our supply chain, and sharing best practice.	Throughout RIIO-ED2	We have worked collaboratively with other Distribution Network Operators through the ENA Carbon Working Group to align our approach in measuring and reporting embodied carbon emissions.	G
		We will monitor and report on embodied carbon in new projects.	Throughout RIIO-ED2	We continue to report embodied carbon using One Click LCA, which enables us to assess the environmental impact of civil works on large-scale projects. In addition, we have calculated embodied carbon for electrical assets using our Distribution RRP Embodied Carbon Calculator, aligned with the CAt Database.	G
Action for Nature	Preventing Pollution	We will continue to target zero environmental regulatory interventions and notifiable breaches.	Throughout RIIO-ED2	There were 4 regulatory interventions/notifiable breaches in 2024/25, however no further enforcement actions or undertakings resulted.	R
		We will implement Pollution Prevention Plans at 100% of our RIIO-ED2 132kV projects.	Throughout RIIO-ED2	We have set a target to implement pollution incident response plans in all of our 132kV projects in SPM and we achieved this in the 2024/25 reporting period.	G
	Fluid Filled Cables	We will reduce the volume of fluid (oil) used to top up our pressurised cables by around 3,490 litres (10%) by replacing 19.429km of our leakiest fluid filled cable.	By 2028	The next cable modernisation project(s) for Kirkby and Bootle Circuits are in the RIIO-ED2 plan and programmed for sectional completion starting in late 2025, with completion in 2027. This will reduce and continually improve our leakage rate. 2.4km of cables were replaced in 24/25 this was in addition to the Kirkby-Bootle replacements.	A
	Noise	We will continue to proactively minimise the impacts of noise resulting from the construction, maintenance and operation of our electrical infrastructure and take timely action to rectify noise complaints from our plant and sites.	Throughout RIIO-ED2	We received 40 noise complaints in the 2024/25 reporting year, these were investigated and fully rectified. Through compliance with our Noise Management Procedure, we are continuously educating colleagues on how to better manage noise.	A
	PCBs	We will eliminate PCBs from our network by the end of 2025, in line with legislation and the risk-based industry approach agreed with the environmental regulators.	By end of 2025	Work is progressing on the planned removal of PCB contaminated (or potentially contaminated sealed) assets to ensure that we meet the given deadline of 31 December 2025 for the removal of these assets from our Distribution network. In line with our plans, developed via the Energy Networks Association PCB Working Group, we are continuing to identify contaminated equipment. This Contaminated Equipment Disposal Plan involves a challenging rate of equipment replacement, and we are intending to comply with the deadline.	A
	Bunding	We will use low carbon alternatives to concrete bunding for our RIIO-ED2 retrofit projects where technically feasible.	By 2028	We have used lower carbon concrete on 59 of the projects for the RIIO-ED2 period in Primary Projects, for Plinths / Bunds. (Concrete mix that contains 40% Ground Granulated Blast Furnace Slag (GGBS) replacement for Portland cement).	G
	Fluid Filled Cables	We will adopt new technologies, where appropriate, to support the ongoing proactive management of our fluid filled cables.	Throughout RIIO-ED2	We are currently behind target on this commitment and we will work towards fulfilling the requirements as we progress through RIIO-ED2.	A
	Noise	We will continue to report on noise pollution incidents and actions taken to reduce them.	Throughout RIIO-ED2	We received 40 noise complaints in the 2024/25 reporting year, these were investigated and fully rectified. Through compliance with our Noise Management Procedure, we are continuously educating colleagues on how to better manage noise.	A

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Action for Nature	PCBs	We will report on volumes of PCB contaminated equipment on and removed from the network.	Throughout RIIO-ED2	We report on volumes of PCB contaminated equipment on and removed from the network in the AER KPI tables and also report these to the Environmental Regulators - EA, NRW and SEPA on an annual basis.	G
	Bunding	We will upgrade existing or install new bunds at 203 of our Primary and Grid transformers as part of our RIIO-ED2 programme of oil mitigation measures, where adequate bunding is not in place.	Throughout RIIO-ED2	SPD has completed 18 out of a targeted 24 bund upgrade/installation works in the 2024/25 reporting year. SPM has completed 17 bund upgrade/installation works out of a target of 17. We are working with our contractors to improve the progress of these works.	A
	Preventing Pollution	We will implement a programme to identify, risk assess and address high risk legacy land contamination.	Throughout RIIO-ED2	As part of our plans to reduce pollution across our distribution network, we have developed an annual programme to identify and investigate legacy contaminated sites within each licence. Site investigations are undertaken at these sites and measures are implemented to rectify and remediate the land. The status of each site is documented on a contamination tracker for prioritisation of the remediation programme.	G
	Creosote	We will continue to collaborate with other DNOs and our supply chain to develop innovative alternatives to creosote wood poles.	Throughout RIIO-ED2	We worked closely with the local wildlife trust in Shropshire and other key stakeholders to undertake several environmental initiatives including habitat and hedgerow enhancements and pond and wetland restoration. As part of the upgrade, in a UK first we trialled new eco-friendly treatments on 10% of the new wood overhead line poles. They were treated with copper oil, which is kinder to the environment than traditional creosote.	G
	Biodiversity & Natural capital	We will deliver 10% enhancement of biodiversity on 25 hectares across our existing network, on our non-operational land and existing linear infrastructure through collaboration with landowners, communities and local wildlife groups	By 2028	In year two of RIIO-ED2 we undertook a pilot project to test out enhancing biodiversity within the vicinity of our distribution Overhead Line (OHL) assets in Cheshire, in partnership with the Cheshire Wildlife Trust. At the trusts home at Bickley Hall farm we were able to collaborate on two projects - one to enhance habitat for Pollinators and one to extend an area of wetland to improve habitat availability for waders. We also continued to develop a pipeline of enhancement options on our own non-operational land in an around substations, and plan to work across 2025/26 to deliver a programme of works in partnership with our grounds maintenance framework.	G
		We will implement a Biodiversity & Natural Capital Action Plan process to guide local operation implementation with the aim of increasing environmental value across our network.	By 2023	In year 1 of RIIO-ED2 we drafted our Action Plan for Nature and carried out internal and external consultations on the document. The document was then published in Q1 of Year 2. We have been working this year on implementation of the plan, developing internal processes for biodiversity on projects and setting up the SPEN Nature Board.	G
		We will collaborate with stakeholders, including other DNOs, throughout RIIO-ED2 to develop and pilot robust methodologies and tools for delivering Biodiversity and Natural Capital assessment.	Throughout RIIO-ED2	Stakeholder collaboration has been key to developing the SPEN biodiversity process and delivering our Action Plan for Nature. In year two we have continued to feed in to government consultations on nature policy, and took part in establishing the ENA Nature working group where we have the chance to collaborate with other DNOs across the country.	G
		We will engage with UK and devolved governments with the aim of influencing biodiversity and natural capital policy to facilitate delivery of our biodiversity and natural capital goals.	Throughout RIIO-ED2	We have continued to support the Scottish Government and NatureScot on the development of a Scottish Biodiversity Metric by taking part in government round table discussion and feeding in to consultations.	G

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Action for Nature	Biodiversity & Natural capital	We will identify, and subsequently monitor and annually report, metrics to track the levels of biodiversity and value of natural capital and ecosystem services on our sites and the achievement of our targets.	By 2023	We continue to support the use of biodiversity metrics to quantify levels of biodiversity across our sites and on projects. In SPM we use the UK government statutory metric for Biodiversity Net Gain (BNG). For SPD we will continue to use the SSENT adapted biodiversity metric until such a time that the Scottish Metric is developed by Nature Scot and the Scottish Government.	A
		We will form strategic partnerships with local ecological protection organisations to support our activities to improve habitats for wildlife and to support people's access to nature.	Throughout RIIO-ED2	We are focused on developing relationships with a number of key stakeholders across our areas of operation in SPM and SPD. We are buildings up a pipeline of potential opportunities for SPEN to support these organisations and in SPM, have successfully funded two projects with the Cheshire Wildlife Trust.	G
	Visual amenity	We will remove 35km of overhead lines in Areas of Outstanding Natural Beauty National Parks, and National scenic areas.	By 2028	In SPM, during 2024, we've completed visual amenity works in Abergwynnant and work continues to be completed at Rhos Mynach, in Angelsey. During 2025 and 2026 we will begin works on a number of projects in Anglesey, Denbighshire and the Llyn Peninsula. SPD have a smaller number of designated visual amenity areas than SPM so only have one major named project for ED2, Holy Island. Physical works have not yet commenced on this project due to a complicated consents process but it is still expected to be completed within the ED2 period. SPD have some smaller projects within the Dumfries and Galloway District which are focusing on Low Voltage Overhead Lines within villages in visual amenity areas.	A
Circular Economy	Sustainable resource use and waste reduction	We will divert 100% of our waste from landfill by 2030, excluding compliance waste.	Throughout RIIO-ED2	In calendar year 2024 we diverted 94% of our direct and operational/construction waste from landfill, just short of the trajectory required to achieve 100% by 2030. We have marked this as amber in our RAG status but have a plan to get this back on track to meet the 2030 target. Part of our strategy is to increase supply chain engagement and focus on areas where waste is going to landfill. Our improved system to see how are waste is being managed will help us take a more targeted approach. This information also guides our engagement with the waste industry and regulators to encourage waste minimisation.	A
		We will establish a baseline and targets for waste reduction per £1m of total annual expenditure, to be achieved by the end of RIIO-ED2 and 2030 in line with our zero waste to landfill date	By 2023	Baseline being established, targets to be set during 2026.	A
		We will continue to collaborate with environmental/ waste regulators, other infrastructure companies and our supply chain to drive sustainable resource use and waste minimisation in order to meet our RIIO-ED2 and Sustainability Goals.	Throughout RIIO-ED2	We are working on demolition audits process to create best practice for asset demolition to prioritise onsite reuse. We are working on a webinar focusing on concrete reuse in asset management.	G
		We will implement metrics to measure the sustainability of our resource use, with the aim of establishing a baseline to enable target setting during RIIO-ED2.	By 2025	Ongoing.	G

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Circular Economy	Sustainable resource use and waste reduction	We will continue to report on actual waste to landfill, recycling and reuse as a percentage of total and we will commence reporting on all new waste and resource use metrics.	Throughout RIIO-ED2	We continue to report on waste to landfill, recycling and reuse and are working towards reporting all waste and resource use metrics during RIIO-ED2.	G
		We will set targets for recycled & reused materials as a % of total input materials to be achieved by end RIIO-ED2 and 2030.	By 2023	We have set a target of 30% recycled content/reused material cumulatively across our top three materials by volume, those being concrete, steel and aggregate.	G
		We will follow an appropriate, recognised standard such as BS8001 to embed circular economy principles where relevant throughout our business processes.	Throughout RIIO-ED2	We are committed to embedding this by 2028.	G

SP Energy Networks