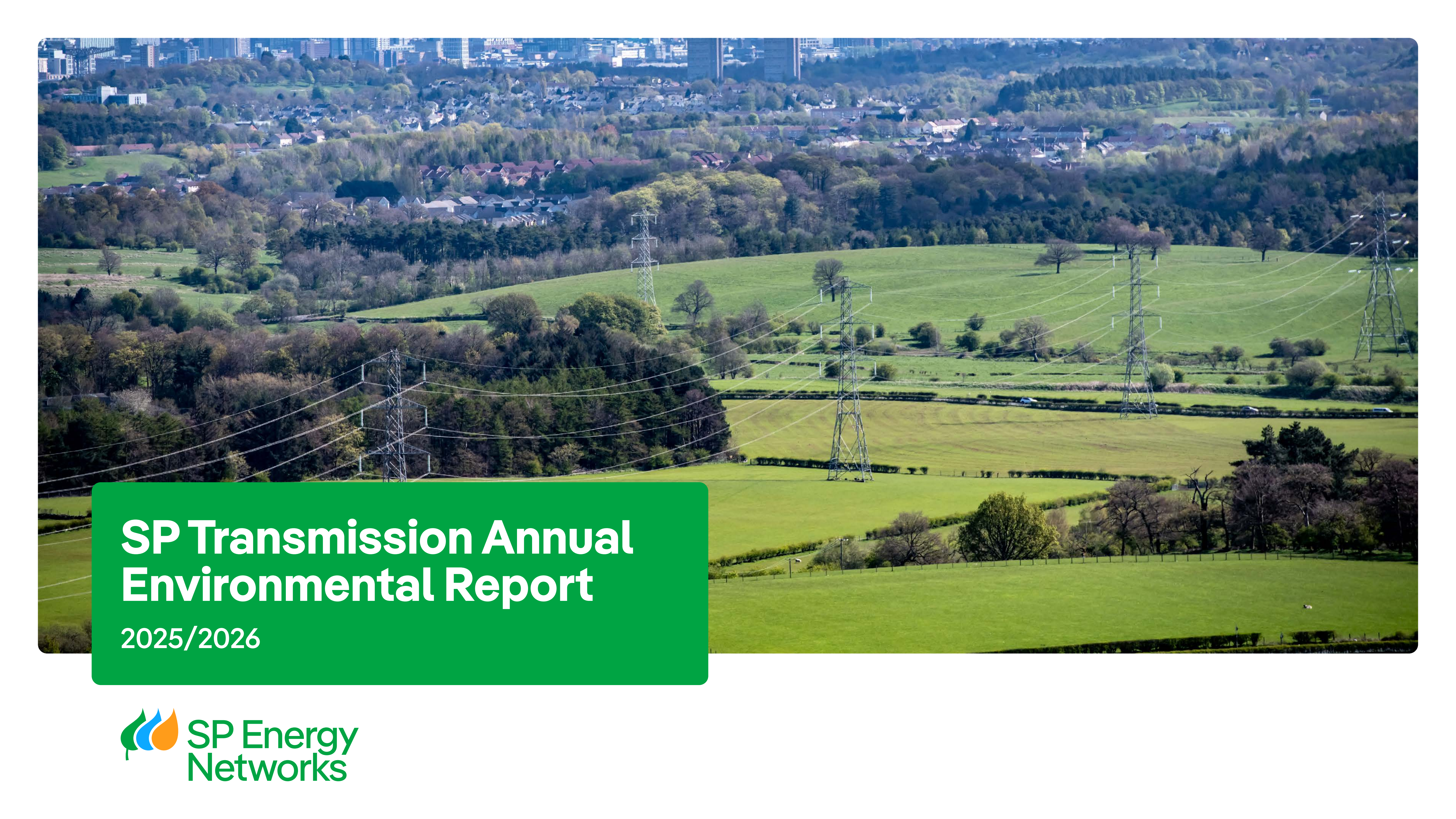
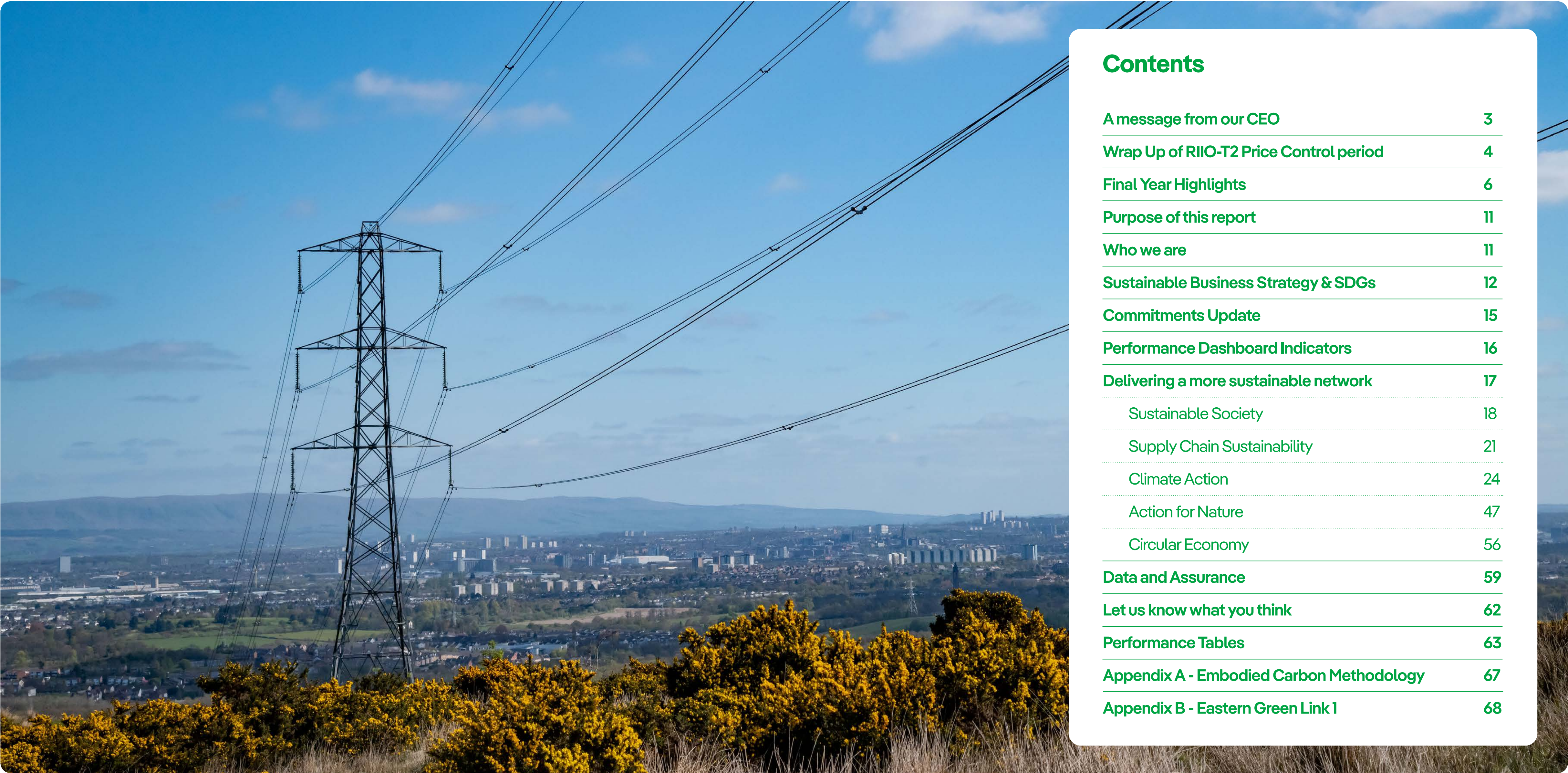




SP Transmission Annual Environmental Report

2025/2026



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A message from our CEO

Having brought to a close the final year of the RIIO-T2 price control period, I am proud to reflect on the progress SP Transmission has made in delivering our Environmental Action Plan commitments and embedding sustainability more deeply across our business. This report marks an important milestone: it captures both our performance in 2025/26 and the cumulative progress we have made over the full RIIO-T2 period to support a cleaner, fairer and more resilient energy future.

Throughout RIIO-T2, our network has continued to play a central role in enabling the transition to Net Zero. We connected approximately 1.8GW of new low carbon generation during the period, including 911MW in 2025/26 alone, increasing the low carbon share of generation connected to our network to **91.9%**. This has been delivered while maintaining strong customer service performance and supporting the wider Clean Power 2030 mission.

We have also made strong progress in reducing the environmental impact of our operations. Our 2025/26 Business Carbon Footprint, excluding losses, was **17,014 tCO₂e**, remaining **30%** below our business plan forecast. We have strengthened carbon management through our Net Zero Transition Plan, PAS 2080 alignment, project carbon plans and improved governance.

Our sustainability commitments extend beyond our own operations. Through our supply chain programme, we identified priority suppliers representing **89%** of supplier value and increased the proportion meeting our enhanced environmental standards from **47%** in 2022/23 to **84%** by the end of RIIO-T2, exceeding our **80%** target. The award of **£5.4 billion** in strategic supply chain agreements, supported by quarterly engagement with **19** strategic partners, gives us a strong platform to continue improving sustainability performance as investment in the transmission network accelerates.

We have delivered real benefits for communities through the Net Zero Fund, investing over **£3.1 million** in **26** low carbon and energy efficiency projects. Across RIIO-T2, the fund supported **32** workshops and **22** feasibility studies, helping communities turn ambition into action. These projects are forecast to save **25,516 tCO₂e** and generate **£2.85** of social value for every £1 invested, demonstrating the wider value of a just and inclusive transition.

Nature and resource stewardship have also been key areas of progress. We maintained our commitment to Biodiversity Net Gain for relevant projects, established our first natural capital baseline, and delivered biodiversity enhancement projects generating **462** Biodiversity Units. We have also strengthened circular economy performance, achieving **98.3%** landfill diversion in 2025, and improving waste, materials and carbon reporting through our AI-driven platform Qflow and wider sustainability data improvements. Additionally, in 2025, our reuse and recycling rate increased to **84.4%**. Underpinning this progress is a stronger sustainability management framework. We retained ISO 14001 certification throughout the period, improved contractor environmental requirements, expanded assurance and verification activity, and progressed our Sustainability Data and Reporting Strategy. These foundations are essential as we move into RIIO-T3, where expectations around data quality, transparency, carbon reduction, biodiversity and supply chain performance will continue to grow.

While we have delivered significant progress, we recognise that some commitments remain ongoing. Fleet electrification, elements of the substation refurbishment programme, pollution prevention improvements, climate resilience works and wider delivery of losses reduction activity will continue into RIIO-T3. We are clear on the actions required and will build on the systems, partnerships and learning developed during RIIO-T2 to close these gaps and continue improving performance.

As we look ahead, we remain committed to delivering our Net Zero ambitions, enabling clean power, protecting nature and creating lasting value for the communities we serve. RIIO-T2 has provided a strong foundation; RIIO-T3 will be about building on that momentum and accelerating delivery.

Nicola Connelly
CEO, SP Energy Networks



Wrap Up of RIIO-T2 Price Control period

RIIO-T2 Environmental Performance Overview

Over the RIIO-T2 period, we successfully embedded sustainability into core business operations, strengthened environmental governance, maintained ISO14001 certification, expanded environmental reporting and assurance processes, and increased collaboration across the electricity sector. Delivery of the Environmental Action Plan has resulted in measurable reductions in operational emissions, improved waste and resource management, enhanced biodiversity outcomes and stronger sustainability performance across the supply chain.



Headline RIIO-T2 Achievements

- Connected approximately 1.8GW of low-carbon generation capacity to Scotland's transmission network, increasing the network's low-carbon generation share to almost 92%.**
- Reduced Scope 1 & 2 (excl. Losses) emissions by 21% from 2018/19 baseline**
- Achieved 84% of priority suppliers by value meeting enhanced environmental standards, exceeding the RIIO-T2 target of 80%.**
- Delivered 98.3% landfill diversion well above the target of 95%.**
- Established Biodiversity Net Gain and natural capital assessment processes and delivered significant biodiversity enhancement projects across the network.**
- Invested heavily in sustainability data, assurance and digitalisation through initiatives such as AI tools for waste, materials and carbon reporting, sustainability data strategies and external verification.**



Wrap Up of RIIO-T2 Price Control period (continued)

1. Supporting the UK's Net Zero Transition through New Low Carbon Connections

We played a critical role in enabling the UK's energy transition by connecting approximately 1.8GW of new low-carbon generation during RIIO-T2. By the end of the period, almost 92% of generation connected to the network was low carbon, e.g., onshore wind, offshore wind and solar PV, supporting national Net Zero ambitions and the Clean Power 2030 agenda while maintaining strong customer service performance.

Why this matters:

Every renewable connection helps displace fossil fuel generation and accelerates decarbonisation across the UK energy system.

2. Delivering Real Community Benefits through the £5m Net Zero Fund

One of the flagship achievements of RIIO-T2 was the creation and delivery of the [Net Zero Fund](#). Through this programme we:

- Invested over £3.1 million into community projects.
- Supported 26 community organisations.
- Delivered 32 community workshops and 22 feasibility studies.
- Enabled projects forecast to save 25,516 tCO₂e.
- Generated significant social value alongside carbon reductions.

Why this matters:

The fund helped ensure communities were active participants in the Net Zero transition while delivering lasting social, environmental and economic benefits.

3. Transforming Sustainability Performance Across the Supply Chain

RIIO-T2 saw a major shift in how we manage environmental performance across suppliers.

Achievements include:

- Creation of a priority supplier programme representing approximately 89% of supplier spend.
- Increased number of suppliers meeting enhanced environmental standards from 47% in 2022/23 to 84% by the end of RIIO-T2.
- Introduction of stronger sustainability requirements, carbon management planning and strategic supplier engagement.

Why this matters:

With the majority of environmental impacts occurring in the supply chain, influencing suppliers creates long-term benefits far beyond our direct operations.

4. Driving Nature Recovery and Biodiversity Enhancement

Throughout RIIO-T2, we significantly advanced our biodiversity programme by embedding Biodiversity Net Gain, natural capital assessment and community-led habitat enhancement at a cost of £3m.

Key successes included:

- Establishing the first natural capital baseline across transmission land holdings.
- Delivering biodiversity enhancement projects generating 780 biodiversity units.

- Supporting peatland restoration, river restoration and pollinator habitat projects.
- Partnering with organisations such as Buglife, Ayrshire Rivers Trust and Galloway Fisheries Trust.

Why this matters:

We moved beyond mitigating impacts and began creating measurable environmental improvements that support nature recovery across Scotland.

5. Creating a Leading Sustainability Data and Assurance Framework

One of the most significant but less visible successes of RIIO-T2 was the transformation of sustainability data management and reporting.

Achievements included:

- Development of a Sustainability Data & Reporting Strategy.
- Introduction of Qflow for real-time waste, materials and carbon reporting.
- Creation of a sustainability digitalisation roadmap.
- Expansion of external assurance and ISO14064-3 verification.
- Improved transparency, governance and auditability of environmental performance data.



Final Year Highlights

Buglife



Buglife

SP Energy Networks has partnered with conservation charity Buglife through the Pollinator B-Lines project to transform underutilised land at substations across Scotland’s Central Belt into connected, wildflower-rich habitats. Sites at Busby, Leven, Livingston East and Drumcross are being enhanced through wildflower seeding, plug planting, native hedgerow installation and bespoke bee posts to support nesting. These interventions are creating “stepping-stone” habitats that form ecological corridors, enabling pollinators such as bees, butterflies and hoverflies to move, feed and thrive across the landscape. The Busby site alone includes 150 metres of native hedgerow and specially designed bee posts made from untreated Scottish larch, providing essential nesting environments for solitary bee species.

The initiative contributes to Buglife’s wider UK B-Lines programme, which aims to restore 150,000 hectares of insect-friendly habitat, and forms part of SP Energy Networks’ Action Plan for Nature to halt and reverse biodiversity loss. Alongside habitat creation, long-term management plans are being developed to ensure sustained ecological value and community benefit. By investing in nature-positive solutions across its estate, SP Energy Networks is supporting pollinator recovery, strengthening biodiversity resilience, and demonstrating how network development can deliver environmental enhancement alongside critical infrastructure.



Final Year Highlights

Net Zero Fund

Net Zero Fund

SP Transmission's £5 million [Net Zero Fund](#) was launched in 2022 to provide communities with the knowledge, confidence and financial support to take meaningful climate action, enabling long-lasting improvements in local resilience, energy efficiency and wellbeing. Over £3.1m was awarded to 26 community organisations and charities across Scotland. Projects include the installation of heat pumps and renewable energy solutions, community transport electric vehicles, and building retrofits.



Final Year Highlights

Net Zero Transition Plan published

Net Zero Transition Plan published

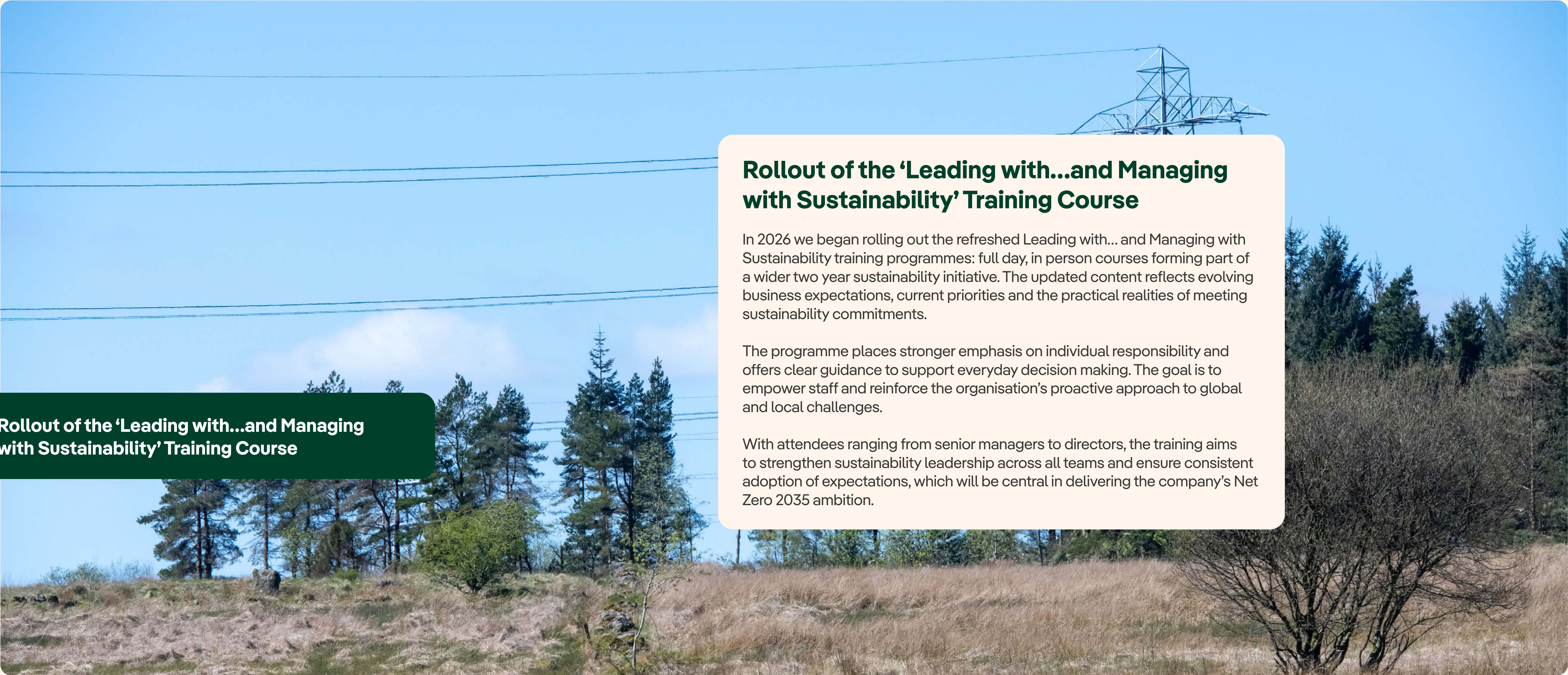
SP Energy Networks has launched its [Net Zero Transition Plan](#), setting out a clear roadmap to achieve Net Zero greenhouse gas emissions by 2035 and demonstrating its commitment to leading the UK’s energy transition. The plan brings together the progress already made, future reduction actions and the partnerships required to deliver long-term decarbonisation.

Significant progress has already been achieved, including the use of 100% UK-based renewable electricity in most buildings and substations, delivering an estimated carbon saving of 67,992 tCO₂ since the start of RIIO-T2. The business has also reduced air travel to just 6% of journeys, introduced low-carbon employee travel schemes and accelerated the deployment of alternatives to SF₆ equipment.

The launch of the Plan represents a pivotal moment for SP Energy Networks, providing transparency on its decarbonisation pathway while reinforcing its role in enabling the wider transition to a low-carbon economy. Through innovation, collaboration and ambitious emissions reduction targets, the company is demonstrating leadership and helping to create a more sustainable energy future.



Final Year Highlights



Rollout of the ‘Leading with...and Managing with Sustainability’ Training Course

Rollout of the ‘Leading with...and Managing with Sustainability’ Training Course

In 2026 we began rolling out the refreshed Leading with... and Managing with Sustainability training programmes: full day, in person courses forming part of a wider two year sustainability initiative. The updated content reflects evolving business expectations, current priorities and the practical realities of meeting sustainability commitments.

The programme places stronger emphasis on individual responsibility and offers clear guidance to support everyday decision making. The goal is to empower staff and reinforce the organisation’s proactive approach to global and local challenges.

With attendees ranging from senior managers to directors, the training aims to strengthen sustainability leadership across all teams and ensure consistent adoption of expectations, which will be central in delivering the company’s Net Zero 2035 ambition.

Final Year Highlights



Delivering Scotland’s Next Phase of Essential Infrastructure

Delivering Scotland’s Next Phase of Essential Infrastructure

In March 2026 ScottishPower hosted a major event at the Glasgow HQ Auditorium to set out how they are helping to facilitate and deliver Scotland’s next phase of essential infrastructure investment between 2025 and 2030.

The afternoon highlighted the scale of opportunity created by coordinated infrastructure delivery. Delegates heard from the Deputy First Minister for Scotland and a panel of leaders from ScottishPower, Scottish Water, SSE and Openreach, who outlined how a combined investment of £46 billion can modernise essential energy, water and digital infrastructure while supporting jobs, skills, supply chain growth and community resilience.

For SP Transmission, the event provided an important platform to demonstrate how investment in the electricity network can deliver more than critical infrastructure. By working with partners across sectors, we can help unlock low carbon growth, strengthen Scotland’s supply chain, increase resilience in communities and support nature recovery through better planned and more sustainable delivery.

The event reinforced the importance of collaboration in delivering the scale and pace of infrastructure required for Scotland’s Net Zero transition. It also showed how major investment programmes can create lasting environmental, social and economic value when sustainability, communities and nature are considered from the outset.

Introduction

Purpose of this Report

This SP Transmission (SPT) Annual Environmental Report for regulatory year 2025-26 (1st April 2025 to 31st March 2026) published on **30th September 2026**, provides an overview of our performance against key metrics and our ongoing progress to deliver our [RIIO-T2 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 Energy Networks (SPEN) is responsible for the safe and reliable transmission and distribution of electricity across key regions of the UK. We operate through four regulated network businesses: SP Transmission Plc (SPT), SP Distribution Plc (SPD), SP Manweb plc (SPM), and SP Electricity North West (SP ENW).

Sitting between SSEN Transmission's licence area in the north, and National Grid Electricity Transmission's licence area in the south, we have a unique role in connecting renewable generation and the bulk transfer of renewable energy between Scotland and England & Wales, benefiting stakeholders well beyond our own licence area. This is achieved through a network of substations, overhead lines, underground cables, and smart technologies that span Central and Southern Scotland.

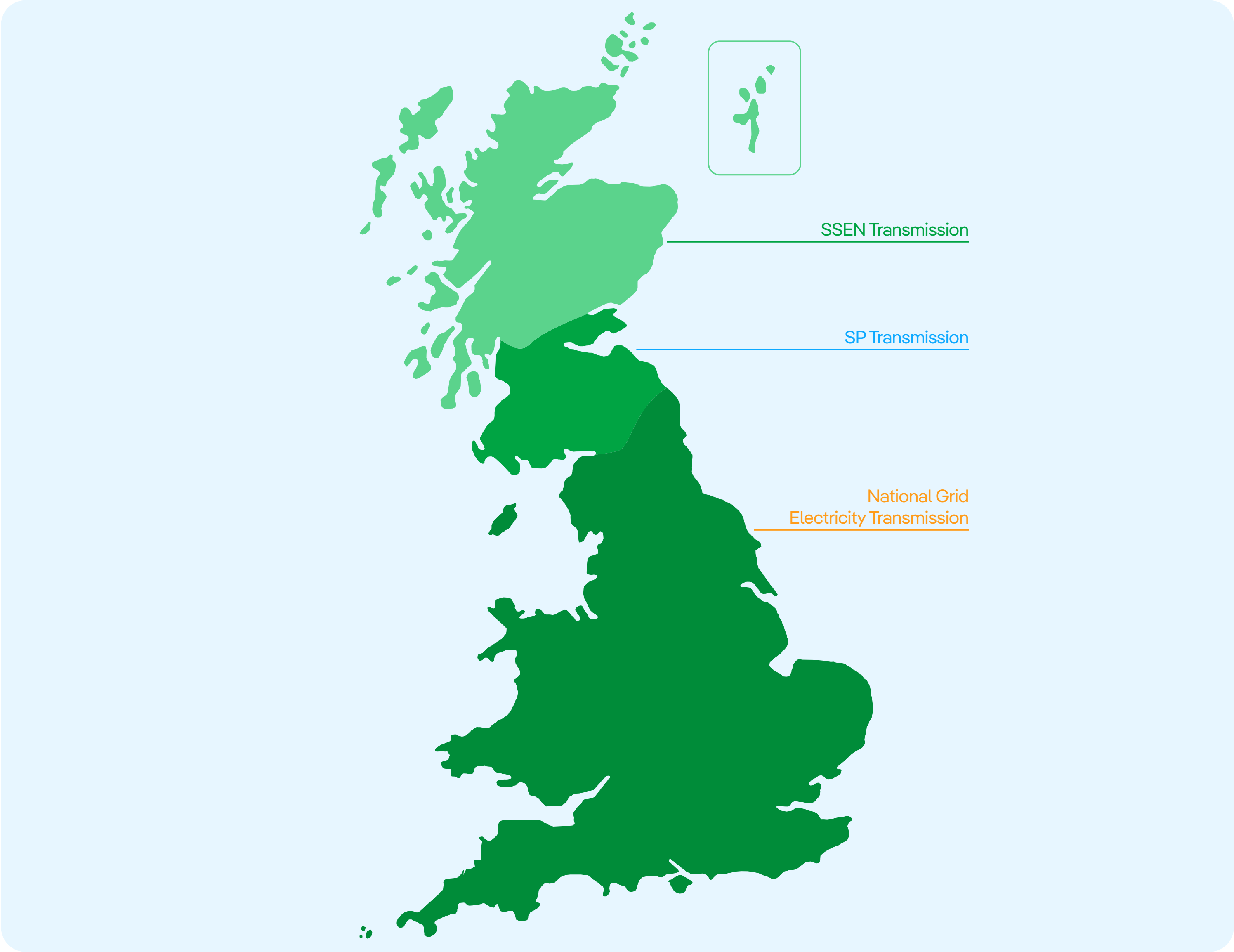
SPEN is a subsidiary of ScottishPower UK plc, part of the Iberdrola Group—a global leader in clean energy and one of the world’s most sustainable utilities, consistently recognised in the Dow Jones Sustainability Index and the Global 100. To learn more about our work and our commitment to a smarter, greener energy future, visit [What We Do – SP Energy Networks](#).

3,700 km

overhead lines

600 km

underground cables



Sustainable Business Strategy

Our electricity network plays a critical role in enabling the transition to a Net Zero future by transporting renewable energy from generators to homes, businesses and communities. Sustainability is embedded in SP Energy Networks’ core purpose and supports the UK’s ambition to achieve Net Zero greenhouse gas emissions. As we continue to expand, operate and maintain our network, we are committed to ensuring our activities are environmentally responsible, socially equitable and economically sustainable.

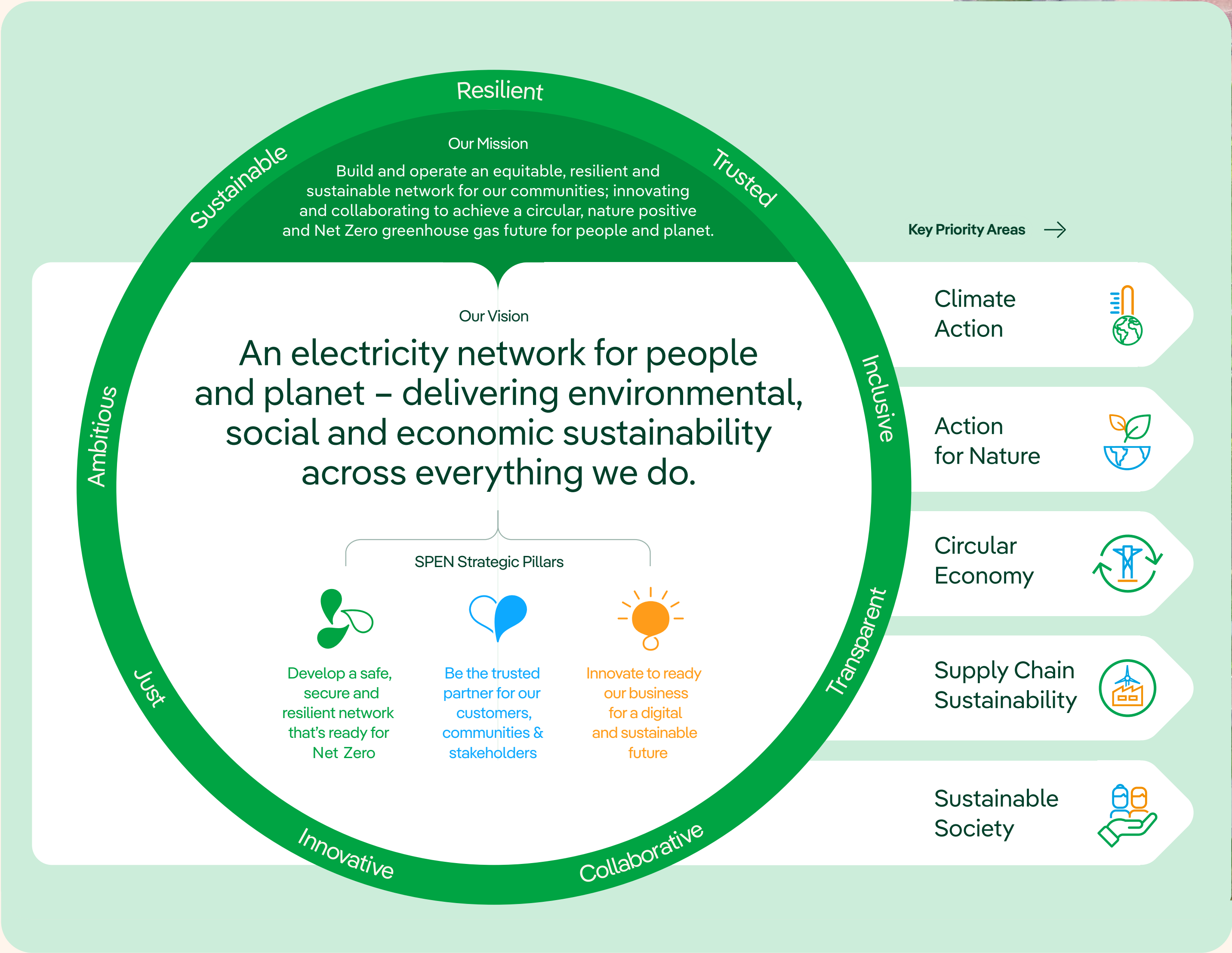
Our [Sustainable Business Strategy](#) has been developed through years of close collaboration with our stakeholders and is regularly updated to reflect internal priorities and external policy developments. This ensures our business is well positioned to manage the transition to a low carbon energy system over the short, medium and long term.

Our Sustainability Priorities

We have a clear picture of our sustainability impacts through:

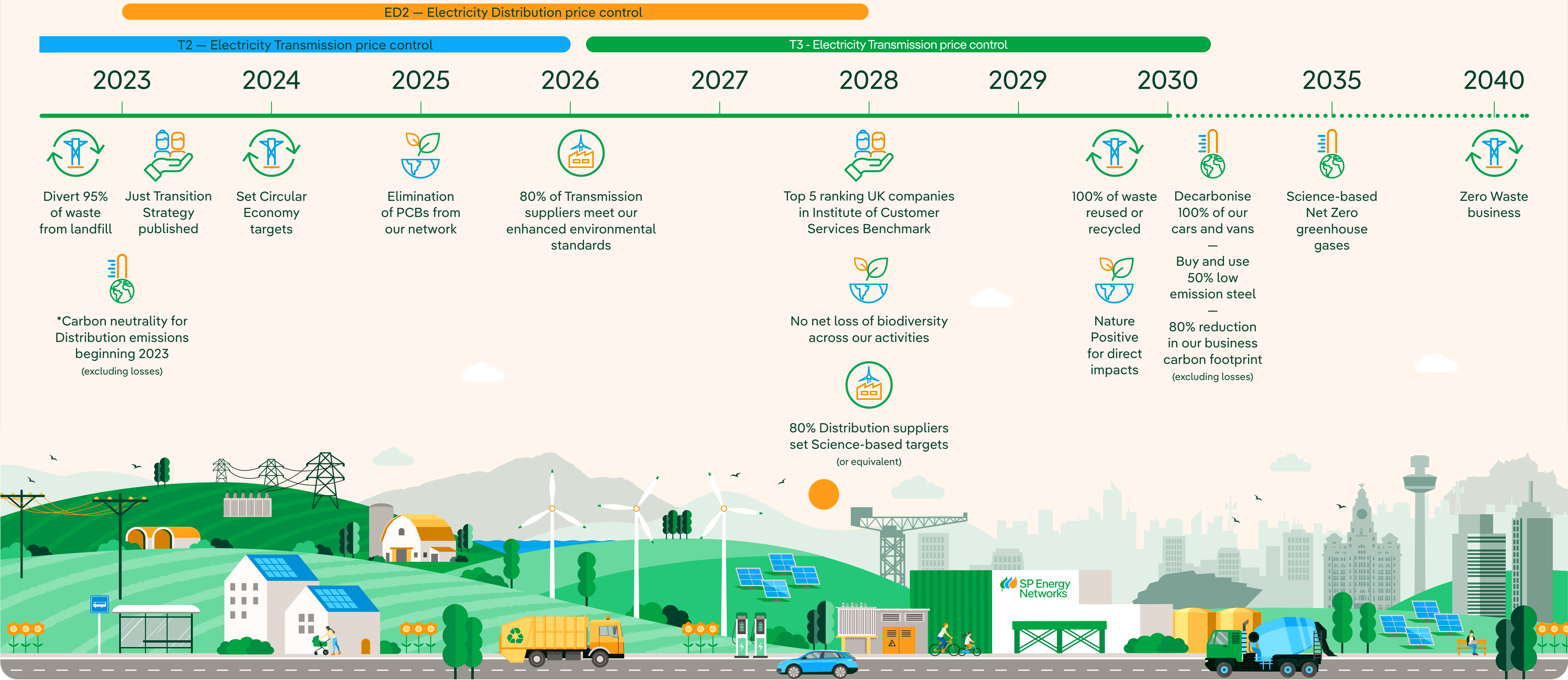
- stakeholder engagement
- the environmental management system
- delivery of actions to date.

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



Our Roadmap to a Sustainable Network

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



UN Sustainable Development Goals

As part of the global Iberdrola Group, we align with the United Nations Sustainable Development Goals (SDGs) and use them to inform the development of our business plans, strategies and sustainability priorities.

As an electricity network operator, our core role is to enable the connection of clean energy generation to our network and transport that electricity to end users. As a result, our activities make the greatest contribution to the following goals:



Our activities span a wide range of areas, from Net Zero greenhouse gas initiatives and workforce skills development to network construction, maintenance and customer service. We also prioritise collaboration, diversity and inclusion, and digital transformation. Together, these efforts contribute both directly and indirectly to the SDGs.

Through internal and external collaboration, we have mapped the SDGs against our core sustainability priorities, which are shown at the centre of our SDG wheel. In the accompanying infographic, the longer SDG segments indicate areas where we have a direct impact, while the shorter segments reflect our indirect contribution. Our supply chain plays an important role across all four priority areas shown in the infographic. As its contribution is embedded throughout these areas, it has not been mapped separately. Many of our indirect impacts are also delivered through our supply chain partnerships.

The mapping exercise also identified opportunities to strengthen our contribution to the SDGs:

- **Climate change resilience:** integrated through our Climate Action and Action for Nature priorities
- **Water efficiency and protection:** integrated through our Circular Economy and Action for Nature priorities
- **Sustainable Society and Circular Economy:** recognised as distinct priority areas

SDG and key priority area mapping



Commitments update

We have set out a wide range of ambitious RIIO-T2 commitments aligned with our key priority areas, as summarised below. Progress against these commitments is detailed throughout the relevant sections of this report. For further information, please refer to the [Commitments Update Annex](#).



Sustainable Society



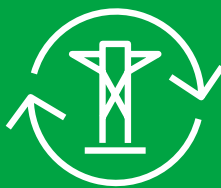
Supply Chain Sustainability



Climate Action



Action for Nature



Circular Economy

Priority Area	Commitment	RAG	Status Update
Sustainable Society	Achieving the Sustainability step-change	G	SPEN retained ISO 14001 certification and strengthened environmental governance through updated contractor requirements. Sustainability training, supply chain learning and stakeholder engagement continued to support continuous improvement. All commitments in this area have been achieved.
Supply Chain Sustainability	Supply Chain Sustainability	G	SPT has prioritised 220 suppliers representing 89% of supplier value for targeted sustainability engagement. By 2025/26, 84% of suppliers by value met enhanced environmental standards, with stronger contract requirements and quarterly engagement with strategic partners now in place. All commitments in this area have been achieved.
Climate Action	Strategic Carbon Reduction	G	Business Carbon Footprint excluding losses was 17,014 tCO ₂ e in 2025/26, 30% below the business plan forecast. Carbon management processes have been strengthened through PAS 2080 alignment, project carbon plans and Net Zero Transition Plan governance. All commitments in this area have been achieved.
	Business Carbon Footprint Scope 1	G R	Fleet decarbonisation and SF ₆ reduction have both progressed, with 11 fleet vehicles replaced by EVs, 69 charging points installed, and SF ₆ emissions reduced to 39% below forecast. However, the fleet EV target was not met while SF ₆ commitments are complete, so not all commitments in this combined area have been achieved.
	Business Carbon Footprint Scope 2	G R	Buildings energy reduction and network losses work have both delivered benefits, including 22 refurbished sites, 532 MWh of estimated electricity savings, and a 14% reduction in annual losses since 2018/19. However, the refurbishment programme remains ongoing, so not all commitments in this combined area have been fully achieved.
	Business Carbon Footprint Scope 3	G	SPT doubled the number of embodied carbon assessments and identified electrical assets and cables as the largest emissions source. Updated contractor requirements and a new assessment tool are strengthening consistency, while RIIO-T3 funding supports wider use of lower-carbon materials. All commitments in this area have been achieved.
	Climate Change Resilience	G	All ten Flood Risk Assessments are complete and implementation has started at the four identified sites, with one site complete, two progressing, and planning consent underway for the remaining site.
	Net Zero Transition	G	The £5 million Net Zero Fund supported 32 workshops, 22 feasibility studies and over £3.1 million of investment in 26 low-carbon projects. These projects are forecast to save 25,516 tCO ₂ e and generate £2.85 of social return for every £1 invested. All commitments in this area have been achieved.
Action for Nature	Pollution Prevention	G R	SPT reported two environmental incidents to SEPA, with no watercourse contamination and no enforcement action. Pollution Prevention Plans, drainage mapping, PCB removal, oil mitigation and bund upgrades have all progressed during RIIO-T2. 3 commitments in this area remain ongoing, so not all commitments have been achieved.
	Land & Biodiversity	G	SPT maintained its internal 10% Biodiversity Net Gain commitment for relevant projects and prioritised off-site habitat creation where land availability was constrained. Biodiversity enhancement projects created 462 Biodiversity Units, while EcoUplift established the first natural capital baseline. All commitments in this area have been achieved.
Circular Economy	Sustainable Resource Use	G	SPT progressed circular economy activity through improved waste tracking and stronger resource management. The focus remains on increasing reuse and recycling while developing a longer-term circular economy strategy. All commitments in this area have been achieved.

 Not achieved during Price Control Period

 Achieved and completed during Price Control Period

 In this section some commitments have been met, while others have not. Please refer to the Commitments Update Annex for further details.

Performance Dashboard

Climate Action

19% 

Increase in business carbon footprint (excl. losses) from last year

24% 

Decrease in business carbon footprint (incl. losses) from last year

23% 

SF_e emissions increase from last year

911_{MW} 

of new low carbon generation connections

£2.73_m 

Investment in innovation activities with an environmental and decarbonisation element totalled



Planet Mark Carbon footprint verified

[Carbon footprint verification statement](#)

Supply Chain Sustainability

GOLD

SUPPLY CHAIN SUSTAINABILITY

SCHOL

Supply Chain Sustainability School partner

84% 

Suppliers progressing towards enhanced environmental standards

62% 

Suppliers who have set Science Based Targets

SCOTTISH BUSINESS CLIMATE COLLABORATION

Development partner for Scottish Business Climate Collaboration

2 

Reportable environmental incidents

Sustainable Society

32

Community Net Zero Carbon workshops delivered since November 2022

£3.1_m

Net Zero fund awarded to charities

12.3% 

Gender pay gap



ISO14001 EMS certification

Circular Economy

98.3% 

Waste diverted from landfill increased in 2025, compared with 98.0% in 2024

225,317 tonnes 

Total annual waste generated reduced in 2025, compared with 253,520 tonnes in 2024

 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

Action for Nature

479 hectares

Area of biodiversity habitat assessment undertaken

462

Post Intervention Biodiversity Units increase

10%

Total % BNG



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.

- 

Sustainable Society
- 

Supply Chain Sustainability
- 

Climate Action
- 

Action for Nature
- 

Circular Economy



Sustainable Society

Achieving the sustainability step-change

As an electricity network operator, we play a key role in enabling the transition to a cleaner, greener future. We are committed to leaving a positive legacy by delivering social value in the communities we serve. Achieving Net Zero will require the decarbonisation of buildings, the electrification of transport and changes to how we power and heat our homes. To support communities in meeting their local climate goals, we established the [Net Zero Fund](#), which supports projects that deliver social, environmental and economic benefits while contributing to a Just Transition.

Our sustainability initiatives are underpinned by strong environmental management and compliance. We are committed to meeting environmental requirements, preventing pollution and embedding robust processes across our business activities. Our long-standing certification to the ISO 14001 international standard for environmental management, maintained for more than a decade, demonstrates the strength and maturity of this commitment.

Status update

We have continued to strengthen sustainability capability across the business by ensuring that all staff are allocated sustainability training, helping to build a shared understanding of our environmental commitments, individual responsibilities and the practical actions required to move beyond compliance. This is supported by continued engagement with the Supply Chain Sustainability School, which provides an important platform for developing skills, sharing best practice and

supporting contractors and suppliers to improve their understanding of key sustainability themes, including carbon reduction, circular economy, biodiversity, responsible procurement and social value. Together, these activities are helping to embed sustainability knowledge across our internal teams and wider supply chain, supporting more consistent delivery of SPT’s Sustainability Goals.

In the 2025/26 regulatory year, we retained our ISO 14001 certification following an external surveillance audit of our Environmental Management System. We are now embedding the audit recommendations and identified improvement opportunities into our internal processes to support continuous improvement.

SPT Major Projects has undertaken a comprehensive review and update of its Contractors Environmental Performance Requirements (CEPR), engaging key internal and external stakeholders throughout the process. The revised CEPR strengthens the environmental governance framework for project delivery by introducing Autodesk Forma as the primary document management platform and incorporating detailed technical specifications, enhanced sustainability requirements and clear responsibilities for environmental authorisation applications and compliance. The updated document sets out the mandatory environmental standards and expectations that all contractors must meet during the tender, planning and execution phases of works, ensuring a consistent and robust approach to environmental management across all Transmission projects.

We continued to progress our Sustainability Data and Reporting Strategy and digitalisation roadmap, setting out how we will improve data collection, analysis and reporting. This includes reducing reliance on manual processes, improving data ownership, and developing digital reporting platforms, dashboards and evidence trails. More details can be found in the Data and Assurance section at the end of the report.

Stakeholder engagement has continued to be a key enabler of delivery this year, we have taken an active role in strengthening collaboration across government, industry and wider infrastructure partners. The team has supported roundtable discussions with the Scottish Government to explore shared challenges and opportunities linked to infrastructure delivery, nature, climate resilience, community benefit and social value. We have also contributed to joint Transmission Owner forums, helping to align approaches, share learning and develop common positions on sustainability reporting, supply chain requirements and the delivery of environmental commitments.

In addition, we participated in ScottishPower's joint infrastructure event, presenting alongside other infrastructure partners to demonstrate how major investment programmes can deliver wider benefits for Scotland’s communities, economy and environment. Collectively, these activities have helped build stronger relationships, improve consistency across the sector and reinforce our role as an active partner in delivering sustainable infrastructure outcomes.



Sustainability Festival

As part of the annual ScottishPower Sustainability Festival, we hosted a dedicated Just Transition event to build understanding across the wider ScottishPower Group and highlight how each business area contributes to a fair and inclusive energy transition. The session brought together colleagues from SPEN, Customer Business and ScottishPower Renewables, united by a shared commitment to ensuring that customers, communities and the supply chain are not left behind as the energy system decarbonises. Action Sustainability opened the event with a clear and practical overview of what a Just Transition means in practice. This provided a strong foundation for each business to reflect on how the principles apply to their own activities and to share the steps already being taken to embed fairness, inclusion and opportunity within their programmes.

The session also showcased best practice from across the Group. We shared how our [Just Transition Strategy](#) is being embedded into core operations, supported by case studies demonstrating real outcomes for customers and communities. The importance of this work was also reinforced at the SPEN Leadership Conference. Customer Business outlined its work on social tariffs, while ScottishPower Renewables shared its approach to community benefits and local engagement. Together, the examples demonstrated how the Group is turning Just Transition principles into practical action across its businesses.



Commitments

Commitment		RAG
We will maintain and continually improve our ISO14001 certified Environmental Management System to achieve ‘beyond compliance’ environmental performance.		G
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 improve the quality of environmental data collected and analysed at all stages of the asset lifecycle, investing in enhanced geospatial systems and formalising data sharing collaborations with key stakeholders.		G
We will continue to ensure that our staff, contractors and supply chain have the skills and knowledge to move beyond compliance and achieve our Sustainability Goals.		G
We will continue to drive industry-wide collaboration in RIIO-T2 for the benefit of all customers.		G
We will continue to engage our key environmental stakeholders via our Sustainability Stakeholder Working Group, ensuring progress via collaboration activities arising from this engagement.		G
We will continue to provide transparent reporting of our environmental and sustainability performance publishing an annual report of our progress against all environmental and sustainability commitments (as detailed in our Environmental Action Plan in Annex 7) in line with metrics and a format developed in collaboration with the other TOs.		G

Metrics

Year		2021-22	2022-23	2023-24	2024-25	2025-26
ISO14001:2015 certification	Certification	Yes	Yes	Yes	Yes	Yes
Training Plan Delivery	Completion %	94%	61%	98%	80%	96%
Stakeholder Engagement Plan delivery	% of Engagement plan target	-	-	100%	100%	100%

Supply Chain Sustainability

Strong partnerships across our supply chain are essential to achieving our sustainability goals. Our suppliers support every stage of the asset lifecycle, from design through to disposal, and we work closely with them to ensure activities are delivered safely, efficiently and in full compliance with regulatory requirements. Beyond operational performance, we are focused on reducing environmental impacts, raising environmental standards and promoting best practice across the industry. We value the breadth of expertise and services our supply chain partners bring, which is critical to delivering a more sustainable network.

Status update

We continue to work closely with our supply chain to improve the sustainability of our projects and programmes, strengthen environmental performance and support more consistent reporting across all partners.

During RIIO-T2, we reviewed our suppliers and contractors to identify those with the most significant influence on our environmental performance. This led to the creation of our priority suppliers list, comprising 220 suppliers who collectively represent 89% of our total supplier value. This targeted approach enables us to focus engagement and improvement activity where it can have the greatest impact, while continuing to support smaller contractors through initiatives such as the [Supply Chain Sustainability School \(SCSS\)](#) and the [Scottish Business Climate Collaboration \(SBCC\)](#).

By the end of the 2025/26 regulatory year, 84% of suppliers by value were meeting our enhanced environmental standards, an increase from 78% in 2024/25 and 47% in 2022/23. This demonstrates sustained progress in embedding stronger

sustainability expectations across our priority supply chain.

Our reporting also tracks whether suppliers have publicly committed to, or achieved, validation of their greenhouse gas reduction targets through the Science Based Targets initiative or an equivalent external validation process. This provides a benchmark for assessing whether suppliers have established their own sustainability metrics and KPIs, in line with our RIIO-T2 commitment. In 2025/26, 62% of suppliers by value had their own sustainability metrics or KPIs, compared with 59% in 2024/25.

We have also updated our Contractor Environmental Performance Requirements to strengthen sustainability expectations for contractors. These now include increased sustainability requirements, including the requirement for carbon management plans, to support improved planning, monitoring and delivery of carbon reductions across construction activities.

In addition, following the award of our strategic supply chain agreements, we have established quarterly engagement calls with our 19 strategic partners. These sessions provide a structured forum to discuss sustainability performance, share good practice, address common challenges and maintain momentum on our environmental and carbon reduction expectations.

As we move into RIIO-T3, we will continue to build on this progress by engaging with suppliers, embedding enhanced environmental standards into delivery, and using improved data and governance to drive further sustainability improvements across our supply chain.



Metrics

Year	2022-23	2023-24	2024-25	2025/26
Percentage of suppliers (by value) meeting our enhanced environmental standards	47%	71%	78%	84%
Percentage of suppliers (by value) that have their own sustainability metrics or KPIs (SBT)	57%	66%	59%	62%

Case study - Supply Chain Sustainability Forum

In June 2025, SPEN launched its first Supply Chain Sustainability Forum as a new annual engagement platform for service partners, material suppliers and contractors. The forum was created to provide a more structured route for sharing sustainability expectations, regulatory updates, learning resources and examples of good practice across the supply chain.

The first session focused on the role of suppliers in supporting our journey to Net Zero by 2035. It reinforced the expectation that suppliers should actively address their own emissions, recognising that supply chain emissions form part of our Scope 3 footprint. The forum also introduced practical support routes, including the Supply Chain Sustainability School, Science Based Targets guidance and SME support.

A key part of the event focused on environmental compliance and waste management. Speakers set out SPEN’s expectations on environmental management systems, duty of care, waste documentation and contractor compliance. The session also used Qflow examples to show how poor-quality waste transfer notes can affect compliance, with clear guidance on what good data looks like and how suppliers can improve ticket quality.



Commitments

Commitment	RAG
We will introduce 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 work in collaboration with our suppliers and industry peers to develop a suite of targets and impact metrics designed to drive environmental improvements throughout our value chain.	G
We will further enhance environmental management standards and KPIs within contract specifications and supplier codes of conduct (including requirements for public disclosure of metrics) and cascade to all relevant suppliers.	G
We will target more than 80% of RIIO-T2 suppliers (by value) meeting these enhanced environmental standards.	G
We will report on the actual percentage of suppliers (by value) meeting these standards.	G
We will engage with suppliers throughout the duration of their contracts to continue to reduce impacts and optimise benefits	G
We will increase our internal supply chain management resources to enable the collection and analysis of enhanced data and a greater level of collaborative working.	G
We will become 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



Climate Action

Supporting the Net Zero GHG transition

The energy system is changing, moving from a traditional centralised model reliant on fossil fuels to a decentralised Net Zero greenhouse gas model focused on low carbon renewable generation. Developing and maintaining our infrastructure is a key enabler of energy security and the transition to Net Zero greenhouse gas emissions. During this period of unprecedented network growth, we must also reduce the carbon footprint of our business operations and ensure that our network remains resilient to the impacts of climate change.

Our targets for decarbonising the network are deliberately challenging and will require transformation across every level of our business. To achieve them, we must identify the most effective interventions, assess the options available and consider their costs alongside the carbon reductions they can deliver. This will help ensure that carbon savings are achieved efficiently and provide the best value for customers.

Demand for electricity is also changing, with the UK and Scottish Governments setting ambitious targets to decarbonise sectors such as transport and heat. Our network must be ready to respond to these changes in demand and generation. As we support this transition, we must also ensure that no customers are left behind, recognising that those least likely to access low carbon vehicles or heating are often among the most vulnerable in society.

Our plans align with the Scottish Government’s Energy Strategy and support Scotland’s national ambition to achieve Net Zero greenhouse gas emissions by 2045.





Climate Action

Net Zero Fund

SP Energy Networks’ £5 million [Net Zero Fund](#) has helped communities, particularly those most at risk of being left behind, with the knowledge, confidence and resources needed to take part in the transition to Net Zero. In 2025, eight capacity-building workshops and six feasibility studies helped local groups turn ambition into action. This formed part of a wider programme which, over the five years of the Net Zero Fund, delivered a total of 32 capacity-building workshops and 22 detailed feasibility studies. This support enabled communities to refine, formalise and strengthen their project ideas, ensuring they were ready for delivery.

Out of the £5m funding, more than £3.1 million has been invested in 26 energy efficiency and low carbon projects, including renewable energy installations, building retrofits, smart heating technologies and electric vehicles. These projects are now accelerating decarbonisation and creating measurable social and environmental impact.

Funded projects are forecast to deliver carbon savings of 25,516 tCO₂e, equivalent to circumnavigating the earth approximately 3,882 times in a typical petrol car. On average, £274 has been invested per tCO₂e saved, in line with the UK Government benchmark of £274 per tCO₂e for economic and efficient investment.

Based on data provided in funding applications, it is estimated that, for every £1 invested, the projects will generate a Social Return on Investment of £2.85 over their maximum benefit lifetime.



Commitments

Area	Commitment	RAG
Introducing our Net Zero Fund	For RII0-T2 we have proposed a £5m ‘Net Zero’ Fund so that we can use our central and impartial role within the energy system to ensure local communities, including those identified as ‘vulnerable’, are financially supported to maximise the social, environmental and economic benefits of local energy solutions.	G

Metrics

Metric	Amount
Community Workshops	32
Awarded to Community Organisations	£3.1m
tCO ₂ e savings	25,516 tCO ₂ e



Connecting Low Carbon Generation

Status update

During RIIO-T2, the connections queue grew to over 750 GW of contracted generation and demand projects across Transmission and Distribution, driven by a significant increase in accepted connection offers. In the past year, NESO’s Connections Reform project was approved and implemented by Ofgem. Connections Reform introduced ‘Gate 2’ criteria to assess a project’s readiness and strategic alignment with the Clean Power 2030 Action Plan. NESO’s application of these criteria has reduced the GB-wide connections queue to 381 GW¹, and networks have begun reassessing network requirements.

SPT has been fully engaged in the development of these reforms, working closely with Government, Ofgem, NESO, other network operators and industry, ensuring full representation on key working groups. We are now committed to delivering ambitious, timely and deliverable connection offers to Gate 2 projects in line with the Joint Industry Plan.

We connected over 900 MW of generation, predominantly onshore wind, in the final year of RIIO-T2. This represents the largest annual capacity addition within RIIO-T2 and demonstrates our trajectory in supporting the delivery of Clean Power 2030 targets as we transition into RIIO-T3.

We continue to work closely with UK and devolved governments and regulators to address related challenges, specifically land reform, planning, supply chain availability and sustainability. We welcomed the UK Government’s Planning and Infrastructure Act 2025, alongside its response to the Electricity Network Infrastructure: Consents, Land Access and Rights consultation, both of which aim to address planning and delivery constraints that we are currently experiencing.

¹ [NESO Connection Reform Detailed Results \(January 2026\)](#)



Metrics

Year		2021-22	2022-23	2023-24	2024-25	2025-26
New low carbon generation connections	MW	186	534	98	50	911
Low Carbon Share of Generation %	%	88.5%	89.5%	90.5%	90.6%	91.9%
Average time to issue connection offer	Days	68.86	74	71	67	67
Connection offers accepted	Number	74	219	220	417	388
Quality of Connections ODI score	1-10	8.3	8.2	8.27	8.89	9.24
Quality of Connections ODI target	1-10	8.3	8.4	8.64	8.81	8.93

Note: updates made from 2023-24 New Low Carbon Generation Connections and Low Carbon Share of Generation % to include BESS, in line with the Clean Power 2030 Action Plan.

Innovation

Over the past year, SP Transmission has continued to invest through the Network Innovation Allowance (NIA) to support projects that strengthen environmental sustainability, improve decision-making and enhance system resilience using digital tools. BioConnect is one such project, focused on embedding sustainability intelligence into early-stage investment planning to support the delivery of a low-carbon, nature-positive transmission network.

BioConnect Project

Project aims

BioConnect is a NIA-funded proof of concept designed to enhance SP Transmission’s in-house cost estimation capability. The project seeks to integrate carbon emissions and biodiversity considerations directly into early-stage cost estimates, enabling sustainability impacts to be assessed alongside financial cost during options development and early design. By modernising legacy tools originally developed to meet historic regulatory requirements, BioConnect aims to create a scalable and future-ready solution that supports emerging expectations around environmental performance, data governance and digital integration.

Network benefits

Embedding carbon and biodiversity data at the earliest stages of project planning allows SP Energy Networks to make better-informed decisions where choices have the greatest influence on long-term outcomes. BioConnect enables the identification of options that reduce

whole-life carbon, minimise biodiversity impacts and avoid unnecessary or inefficient infrastructure interventions.

The project also improves data consistency, transparency and auditability across early-stage estimates, reducing delivery risk and strengthening compliance with evolving regulatory and environmental requirements. By aligning cost estimation, sustainability, planning and digital teams around shared data and assumptions, BioConnect supports more integrated and efficient network design and delivery.

Outlook beyond the project

The initial phase of BioConnect will prove the value to the network. On completion, the project will deliver learning to inform future investment decisions, including a cost-benefit assessment and a proposed roadmap for wider adoption across the Transmission business. This will consider opportunities for scaling the approach and integrating the solution with other digital platforms across SP Transmission.

Learning from BioConnect is expected to be transferable across GB electricity networks, as many network operators face similar challenges in embedding sustainability intelligence into early-stage decision-making. If successfully adopted, the approach will provide a foundation for making carbon and biodiversity considerations a standard part of network planning, supporting SP Transmission’s long-term Net Zero ambitions and nature-positive outcomes.

£2.73m

This year, we invested £2.73 million in innovation activities that have an environmental and decarbonisation element

Operational Efficiency

- Resource Management
- Cost Reduction

Community Benefits

- Local Economy
- Quality of Life



BioConnect Initiative

Biodiversity Impact

- Habitat Preservation
- Wildlife Protection

Land Use Planning

- Zoning Regulations
- Environmental Assessments

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Business Carbon Footprint

Since 2013, we have published our Business Carbon Footprint annually, providing transparency on the emissions we directly control and influence, and demonstrating our commitment to environmental stewardship and accountability.

In 2022, we set validated science-based targets for our direct and indirect emissions, aligning our decarbonisation pathway with the global ambition to limit warming to 1.5°C. These targets provided the foundation for our [Net Zero GHG Transition Plan](#), which sets out the strategic actions required to achieve our decarbonisation objectives.

Building on this foundation, in 2024 we strengthened our commitment by pledging to reach Net Zero greenhouse gas emissions by 2035. As part of this ambition, we established a near-term target to reduce emissions by 67.5% by 2030, reinforcing our focus on rapid and meaningful emissions reduction.

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

Scope 1: Direct emissions associated with fuel used, SF₆ 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

In 2025/26, our annual Business Carbon Footprint (BCF), excluding losses, was 17,014 tCO₂e using the market-based methodology. This remains 30% below the business plan forecast of 25,382 tCO₂e, demonstrating strong performance against our RIIO-T2 expectations. Reductions against the forecast were driven by improved data quality since the forecast was prepared, continued use of a 100% renewable electricity tariff for offices and depots, and lower than forecast SF₆ leakage rates. These improvements were partly offset by a higher than forecast internal combustion engine vehicle footprint, reflecting driven by delays in the rollout of electric vehicles and increased operational mileage as our activities have grown.

Over the five-year price control period, our reported annual BCF excluding losses is 9% higher than at the start of RIIO-T2 in 2021. This reported increase should be viewed in context: it is primarily the result of a revised methodology that more accurately estimates unmetered substation electricity consumption, increasing reported kWh on a standard tariff by 132% compared with the historical annual average. This methodological improvement strengthens the accuracy and transparency of our reporting, but it also means the latest figure is not directly comparable with earlier years. On a like-for-like basis using the previous methodology, the 2025/26 Scope 1 and 2 carbon footprint would have been 14,906 tCO₂e, representing a 41% reduction against the business plan and a 3% increase since the beginning of RIIO-T2.

Since the beginning of RIIO-T2, SF₆ emissions have increased slightly from 12,085 tCO₂e in 2021/22 to 14,419 tCO₂e in 2025/26, while remaining 39% below the business plan forecast of 23,786 tCO₂e. This reflects continued progress against forecast expectations, supported by ongoing leak reduction activity, proactive monitoring and targeted repairs of leaking assets across the network. We expect emissions to continue reducing in line with our targets, subject to any exceptional SF₆ leakage events.

We have progressed our substation refurbishment programme, which is designed to reduce electricity consumption by upgrading and modernising substation buildings. Since the programme began, 22 substations have been refurbished. Although this is below the original RIIO-T2 target of 48 sites, the work completed has established a strong foundation for further emissions reductions. We will continue the refurbishment programme through RIIO-T3, building on the learning from RIIO-T2 to support delivery of our longer-term emissions targets.



Commitments

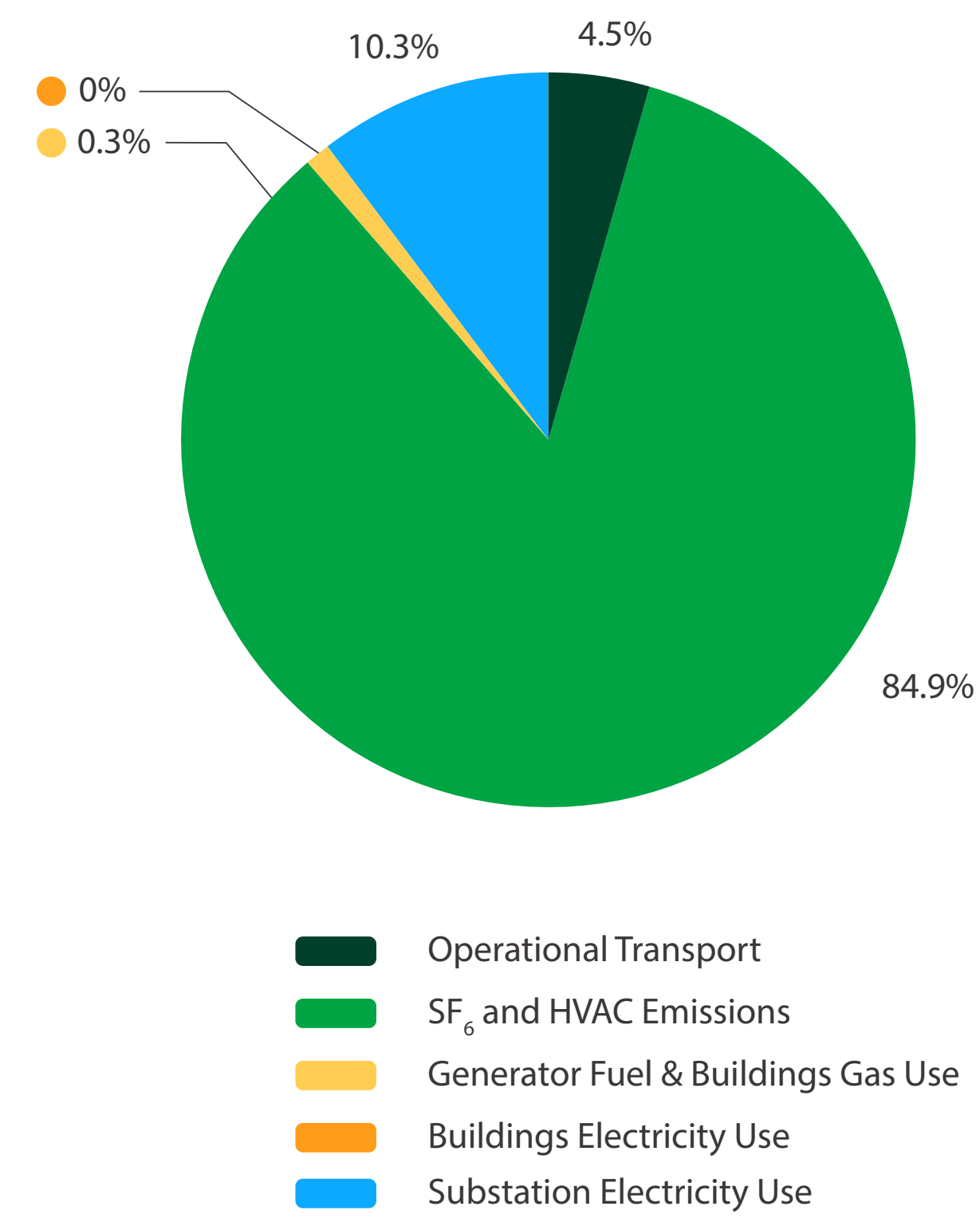
Commitment	RAG
We will implement processes for carbon management in relevant business activities, aligned with PAS 2080 Carbon Management in Infrastructure.	G
We will adopt a science-based target for scope 1*, 2* & 3 carbon reduction.	G
We will identify, and subsequently monitor, metrics to track progress towards our science-based carbon reduction targets.	G

Metrics

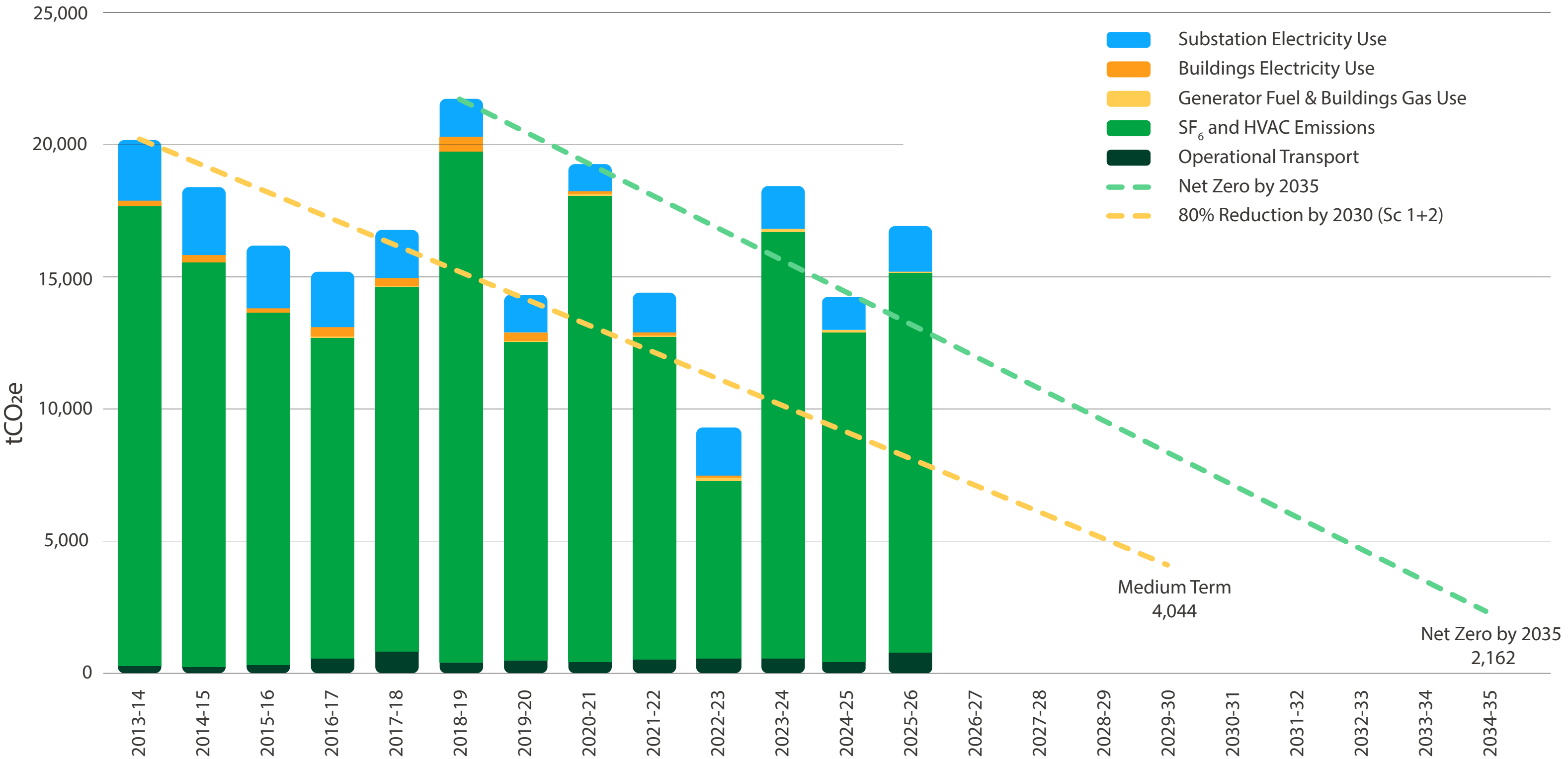
Emissions in tCO ₂ e	Specific Area	2018/19	2021/22	2022/23	2023/24	2024/25	2025/2026
Scope 1 - Operational Transport	Road	433	518	584	558	631	763
Scope 1 - Fugitive emissions	SF ₆	19,184	12,085	6,703	16,180	11,699	14,419
Scope 1 - Fuel combustion	HVAC	0	170	2	0	0	29
	Generator Diesel & LPG	0	9	100	29	22	3
Scope 1 - Building energy use	Buildings gas	21	47	45	59	64	41
Scope 2 - Building energy use	Buildings electricity	540	92	57	0	0	0
	Substation electricity	1,439	1,505	1,849	1,653	1,878	1,758
Scope 2 - Electricity losses		202,371	132,554	165,625	148,177	151,939	109,488
Total excluding losses		21,617	14,425	9,340	18,481	14,294	17,014
Total including losses		223,988	146,979	174,966	166,658	166,233	126,502

Scopes 1&2 (excluding Losses)

Business Carbon Footprint Scopes 1+2 excluding Losses tCO₂e



Business Carbon Footprint Scopes 1+2 excluding Losses



Case study - Neilston Asset and Material Refurbishment

In 2025, the Neilston site completed a refurbishment project that championed sustainability through the reuse of key electrical and civil infrastructure components, including:

- Auxiliary Earthing Transformer
- Current Transformer
- Neutral Earthing Resistor
- 5 m3 of Concrete
- 150 m3 of Aggregate

By reusing these materials, the project significantly reduced carbon emissions, avoiding the environmental impact of manufacturing and transporting new equipment and materials such as CEM I concrete, a commonly used, carbon-intensive type of cement. There was also no requirement for any new or additional materials to reuse the assets, such as steel structures, meaning that all materials could be reused in their original form. The project achieved an estimated carbon saving of 72 tonnes of CO₂e, with 93% of the savings attributed to reused electrical assets, equivalent to driving the circumference of Planet Earth 10 times.

PAS2080 Progress Update

This year, significant progress was made towards our target of aligning with PAS 2080 Carbon Management in Infrastructure, with a clear focus on reducing emissions associated with our construction projects. Building on the Implementation Plan developed last year, we established carbon management processes and implemented them

across our construction supply chain to drive measurable emissions reductions. This includes setting emissions reduction targets for individual construction projects on a project-by-project basis, using appropriate baselines to ensure meaningful comparison and improvement. To support this commitment, calculation tools have been introduced to quantify and track the embodied carbon of materials at both the final design and as-built stages of each construction project, enabling better-informed decisions that actively reduce carbon impacts.



Operational transport

We remain committed to reducing emissions from our operational vehicle fleet and continue to progress the transition to electric alternatives where suitable vehicles and charging solutions are available. During RIIO-T2, we faced challenges in meeting our target to replace 72 cars and vans with electric vehicles by the end of the period, largely due to market constraints, vehicle availability and limitations in operational performance for some use cases. Despite these challenges, we are still striving to electrify our fleet and will continue this work into RIIO-T3, working with our supply chain and infrastructure partners to identify practical solutions and support further rollout.

Status update
In 2025/26, we continued to make positive progress in reducing emissions from our operational fleet. Following approval of our rollout plan, we successfully replaced 11 internal combustion engine vehicles with electric alternatives by the end of RIIO-T2, comprising seven light commercial vehicles and four cars. This provides a strong platform for continued fleet decarbonisation as we move into RIIO-T3.

We have also continued to expand the supporting charging infrastructure across our network. By the end of RIIO-T2, 69 EV charging points had been installed at substations, enabling operational fleet vehicles to recharge while on site and improving access to charging across the region. While the original target of 300 charging points has not been met, the infrastructure now in place provides an important foundation for further rollout and future electrification.

To support more flexible and efficient charging, we launched our ‘home start’ initiative, offering EV charger installation at the homes of staff who operate fleet vehicles. This helps improve charging accessibility and supports wider adoption of electric vehicles across our operational teams.

Alongside our electric vehicle rollout, we are exploring other lower-carbon alternatives where fully electric options are not yet operationally viable. This includes ordering our first plug-in hybrid 4x4s, which will provide a practical lower-carbon option for roles requiring off-road capability or more demanding operational performance. We are also continuing to work with third-party charging infrastructure providers to improve nationwide charging coverage, particularly on routes where our own infrastructure may not be suitable.



Commitments

Commitment	RAG
We aim to decarbonise our operational fleet by replacing 100% of our 72 cars and vans with electric alternatives by the end of RIIO-T2.	R
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

Fugitive emissions

We continue to work with industry partners and our supply chain to reduce emissions from SF₆ and other insulating and interrupting gases, while supporting the development and deployment of suitable lower-carbon alternatives. Where technically feasible, we are prioritising equipment that does not contain SF₆ and continuing to assess opportunities to introduce alternative technologies across the network. In 2025/26, the Insulation and Interrupting Gas leakage rate was 0.47%.

Our operations teams maintain active monitoring of SF₆ and other gas-filled assets to support the early identification of potential issues and enable timely intervention. Assets with known leakage are managed through a dedicated register, with appropriate actions agreed based on asset condition and risk. These actions range from enhanced monitoring to targeted repair or replacement where required.

We are also continuing to work with key suppliers to increase the availability and use of SF₆-free equipment. This includes building on existing supplier collaboration to introduce non-SF₆ solutions where they are technically viable and appropriate for network requirements.

We are strengthening internal processes for SF₆ management and reporting, including clearer roles and responsibilities

during construction and asset installation. This will support more consistent data capture, improve reporting quality and help ensure that emissions are managed effectively throughout the asset lifecycle.

Disposals of assets are recorded as losses when the recovered mass of SF₆ is less than the rated name plate mass of SF₆. Technically the loss should only be the design leakage of the asset however we have found through disposals in T2 that majority of asset have had a loss recorded of around 20% for recovered mass of SF₆. Especially for assets with no record of ongoing leaks or top ups required. A loss of this level would also most likely correspond with an intervention for top up due to alarm levels and reduction in safe operating pressures being breached. This has reinforced the viewpoint that the assumption of using rating plates for installed SF₆ did not accurately correspond to actual SF₆ installed for legacy assets. Asset volumes are now focused on capturing actual installed SF₆ masses by manufacturers and not just rating plates alone.

As alternative gas technologies continue to develop, we will ensure that our teams have the training, procedures and technical support needed to safely manage new equipment and gas mixtures. This will help support the long-term transition away from SF₆ where suitable solutions are available.



Metrics

Year	Unit	Baseline 2018-19	Year1 2021-22	Year2 2022-23	Year3 2023-24	Year4 2024-25	Year5 2025-26
Total IIG emissions	tCO ₂ e	20,103	12,196	12,145	16,291	12,097	14,667
SF ₆ emissions	tCO ₂ e	20,103	12,196	6,839	16,291	12,097	14,667
Other (IIG) emissions	tCO ₂ e	0	0	5,306	0	0	0
Leakage rate	%	0.86%	0.45%	0.23%	0.54%	0.39%	0.47%

The figures in the IIG table above are taken from the E1.4 RRP table. There are slight differences in the reporting between the Business Carbon Footprint and the IIG table due to two factors:

1) SF₆ emissions as stated in the BCF are as per the Ofgem RRP guidance and based on DESNZ conversion factors (in line with GHG Protocol) of 23,500kgCO₂e for 2023/24. However, for IIG Incentive reporting Ofgem require us to convert using 24,300kgCO₂e in line with the latest UN IPCC report. This discrepancy arises because the DESNZ factors have not yet been updated to reflect the latest UN IPCC report.

2) the timing of table production, any differences will be reconciled and compensated in the following years tables/reports.

Carbon Offsetting

Given the urgent need to reduce greenhouse gas emissions and mitigate the effects of climate change, we must continue to develop our network in support of the Net Zero transition while seeking to deliver neutral or positive environmental and social outcomes. Our priority is to reduce emissions within our operations as far as possible, within technological and regulatory constraints, before considering credible carbon removals for residual emissions that cannot yet be avoided.

To support a transparent and robust approach, SPEN has signed up to the [Environmental Registry](#), an international registry for managing carbon, water and biodiversity projects and for issuing, transferring and retiring credits. We have also developed an approach to carbon removals that is aligned with [The Oxford Principles for Net Zero Aligned Carbon Offsetting](#), supporting high standards of additionally, durability and transparency.

Through market research, we identified the UK Woodland Carbon Code and UK Peatland Carbon Code as well aligned with both the Oxford Principles and our own carbon removal principles, which seek to deliver additional environmental and social benefits in the UK where practical. During RIIO-T2, we used this approach

to establish our internal processes, governance and market understanding for credible carbon removals. As part of this, we secured the equivalent of 5,100 tCO₂e through verified Pending Issuance Units, helping us build the capability and assurance needed for the larger carbon removal process being developed for RIIO-T3.

Pending Issuance Units (PIUs) under the UK Woodland Carbon Code represent a forward-looking commitment to carbon sequestration, based on scientifically modelled predictions of carbon uptake by newly planted woodlands. These units are expected to convert into Woodland Carbon Units once sequestration has been verified through ongoing monitoring and reporting.

We invested in Hawkshaw, a native broadleaf woodland in the Scottish Borders adjacent to the River Tweed. The woodland will be managed on a non-intervention basis and is expected to provide wider benefits including rainwater interception, biodiversity enhancement, habitat creation and amenity value. This investment supports our Net Zero ambitions while contributing to woodland expansion, biodiversity recovery and local ecosystem resilience.



Commitments

Commitment	RAG
We will continue to require manufacturers to provide equipment with an SF ₆ leakage rate which is half that of the internationally recognised standards, where technically viable.	G
We will continue to carefully monitor and manage our assets to minimise SF ₆ leakage, repair leaks quickly, and where this is not possible, replace the asset before its anticipated end of life	G
Where a repair to a leaking asset proves ineffective and the asset requires to be replaced, we will offset the SF ₆ emissions from that asset until its replacement via a Carbon Offsetting partner.	G
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
We will use alternatives to SF ₆ insulating gas for all new circuit-breakers and GIS installations where there are technically feasible market-ready solutions.	G

Scope 2 emissions

Buildings energy usage

Since September 2019, we have sourced green electricity for our depots and offices through a 100% UK-based renewable energy tariff, supported by Power Purchase Agreements. All energy procured under this tariff carries a zero-carbon emissions factor, significantly reducing the environmental impact of our operations.

In addition to our depots and offices, we also secure Power Purchase Agreements for all metered substations. Alongside this, we continue to progress our RIIO-T2 substation building refurbishment programme, further supporting our commitment to sustainable energy use and improved infrastructure performance.

Status update

Although the substation refurbishment programme started later than originally planned, we have made good progress during RIIO-T2, completing 22 sites and delivering an estimated electricity saving of 532 MWh. The remaining sites will be progressed during the RIIO-T3 period, allowing us to build on the learning and delivery momentum established to date.

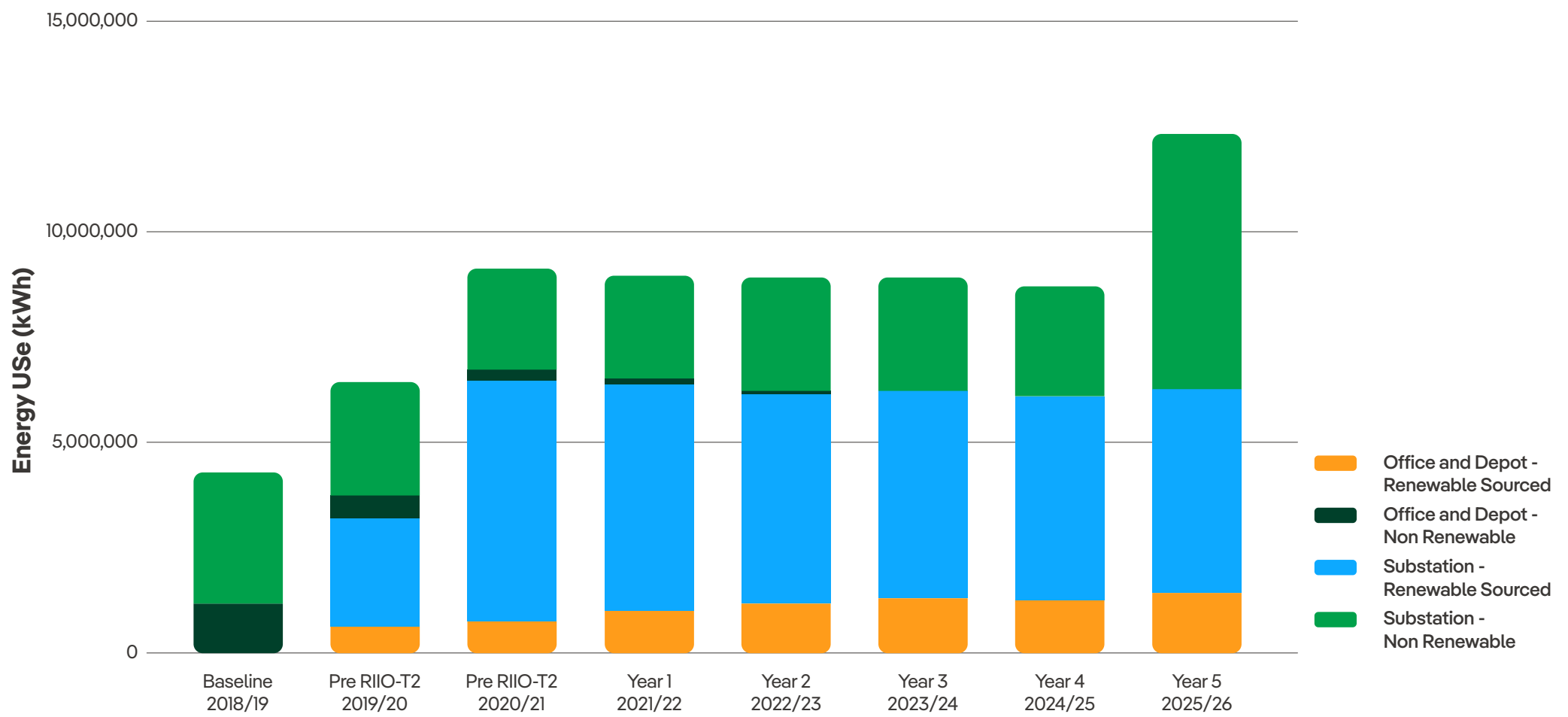
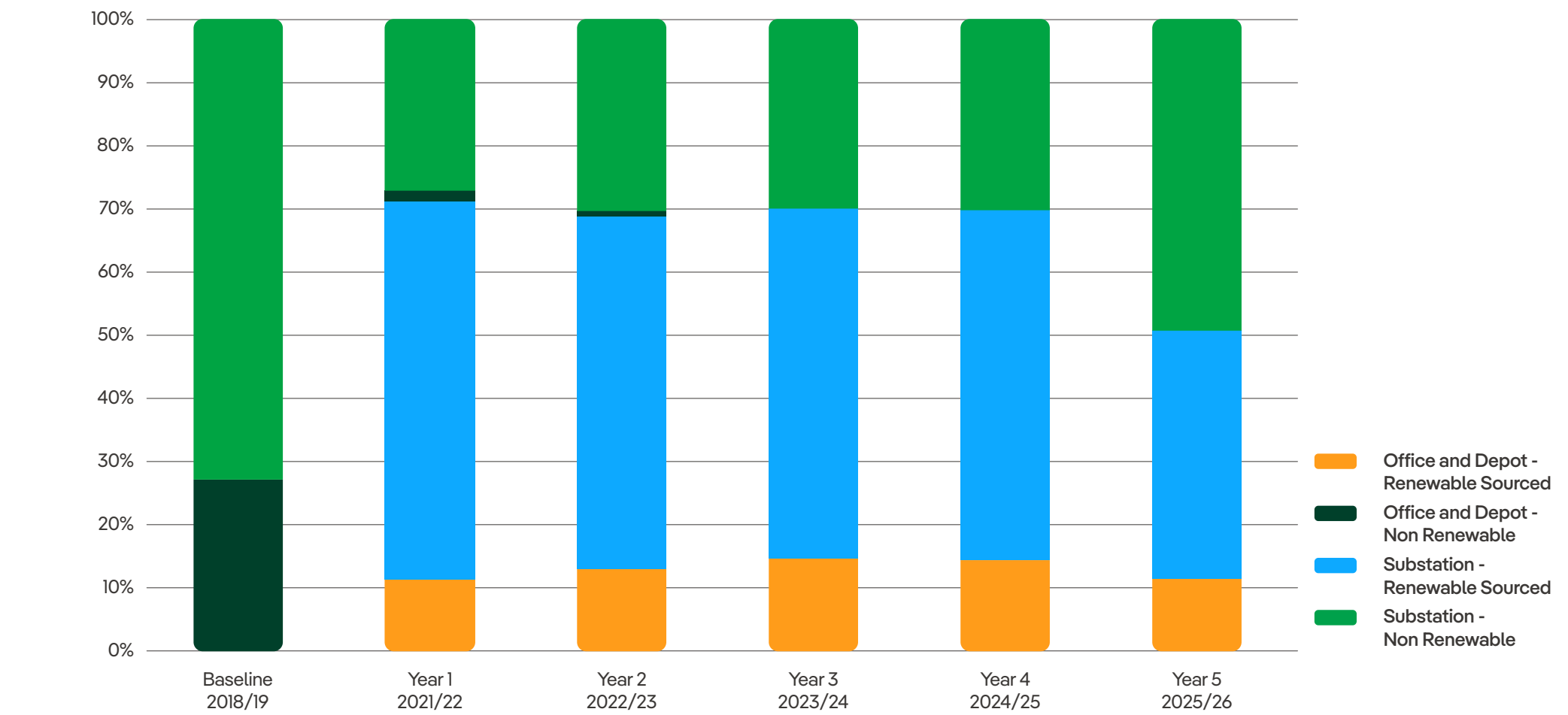
Alongside the refurbishments, we are installing photovoltaic (PV) systems where suitable and undertaking targeted structural improvements to concrete and steel elements within substation buildings. These enhancements help extend the lifespan of existing assets, reduce the need for new construction and lower energy consumption across our substation estate.

Reported substation energy emissions have increased since the beginning of RIIO-T2; however, this reflects an improvement in the accuracy of our reporting rather than a change in underlying performance. Compared with the previous year, substation energy emissions have decreased. In 2025/26, we introduced a revised methodology for calculating emissions

from unmetered substations, using the latest UK average grid emissions factor of 0.18 kgCO₂e/kWh, which may be updated over time. Under this approach, electricity passing through unmetered substations is considered transported energy. As we have no ability to influence the electricity tariff associated with this consumption, it is treated in a similar manner to network losses for reporting purposes. This methodology has been independently verified by Planet Mark and provides a stronger baseline for monitoring performance and targeting future energy reduction activity.



Energy use in offices, depots and substations



Commitments

		RAG				
We will implement energy efficiency measures as part of our RII0-T2 building refurbishment programme at 48 substations (representing around 1/3 of our sites) with the aim of reducing energy consumption by more than 1000MWh per year.		R				

Metrics

Year		2018-19	2021-22	2022-23	2023-24	2024-25	2025-26
Office & Depot Electricity	tCO ₂ e	540	92	57	0	0	0
Office & Depot Gas	tCO ₂ e	21	47	45	59	64	41
Substation Electricity	tCO ₂ e	1,439	1,505	1,849	1653	1,878	1,758

Scope 2 emissions

Network Losses

Losses are an inevitable consequence of transferring electricity across the transmission network, primarily arising from the heating of network components as power is transported from generation to end demand. During RIIO-T2, we remained committed to reducing losses through our Losses Reduction Strategy, targeting an estimated 14,500 MWh reduction, equivalent to approximately 3% of 2018/19 losses, where economic and beneficial for customers.

Overall, losses reduced during RIIO-T2 and are now below the 2018/19 baseline. Annual losses decreased from 0.720 TWh in 2018/19 to 0.619 TWh in 2025/26, a reduction of approximately 14%. This includes a reduction from 0.637 TWh in 2021/22 to 0.619 TWh by the end of RIIO-T2. Over the same period, emissions associated with electricity losses reduced from 202,371 tCO₂e in 2018/19 to 109,488 tCO₂e in 2025/26, a reduction of approximately 46%. This demonstrates positive progress in reducing the volume of losses and significantly lowering their carbon impact.

While some of the original planned projects were delayed, delivery of other projects and wider initiatives under the Losses Reduction Strategy meant that the overall reduction target was reached. These actions collectively mitigated over 14,540 MWh of losses during RIIO-T2, demonstrating that the strategy delivered the intended outcome while also establishing further opportunities for continued reductions beyond the period.

The carbon intensity of losses has also improved as the electricity system continues to decarbonise, with a growing share of renewable generation and reduced reliance on fossil fuel generation. As a result, while physical losses remain an important focus for network efficiency, their carbon impact has reduced over the price control period. We will continue to build on the progress made during RIIO-T2 and apply the learning from our Losses Reduction Strategy as we move into RIIO-T3.

Commitments

Commitment		RAG
We will implement our RIIO-T2 Losses Reduction Strategy to reduce losses on the network by an estimated 14,500 MWh (circa 3% of 2018/19 losses), thereby limiting losses to a lower level than would otherwise be the case, where this is economic and provides benefit to customers.		<div>G</div>

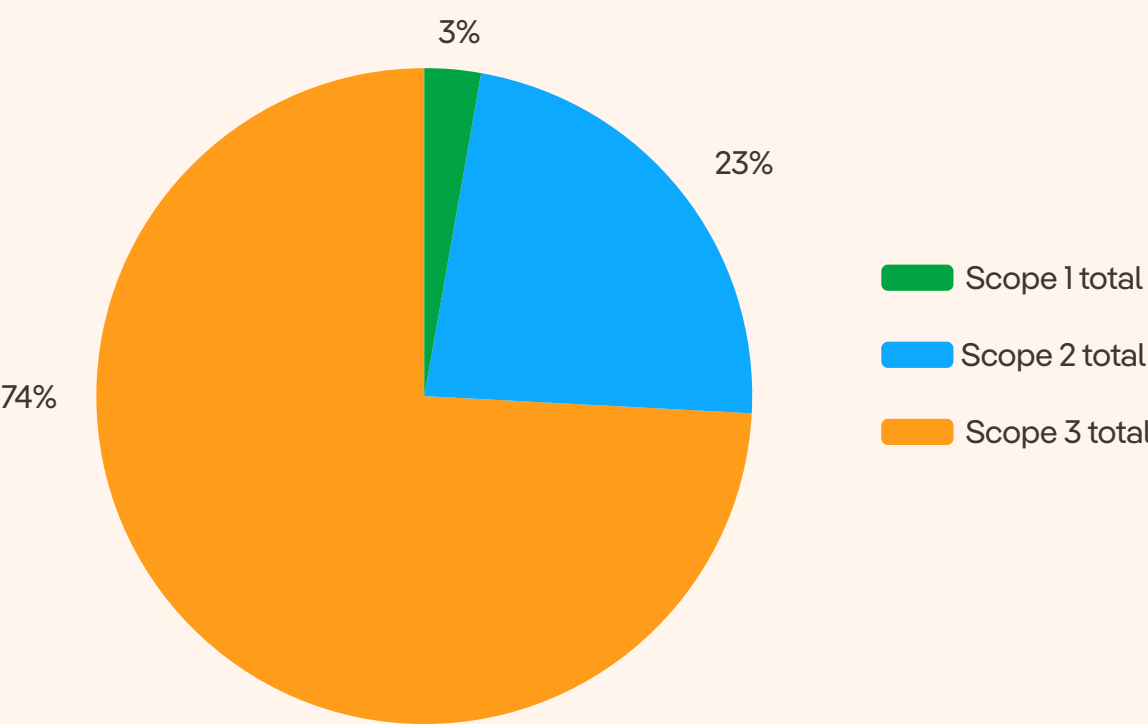
Metrics

Year		2018-19	2021-22	2022-23	2023-24	2024-25	2025-26
Electricity losses	tCO ₂ e	202,371	132,554	165,625	148,177	151,939	109,488
Annual losses	TWh	0.72	0.637	0.856	0.716	0.734	0.619
Share of total electricity	%	N/A	1.75	2.39	2.09	2.02	1.66

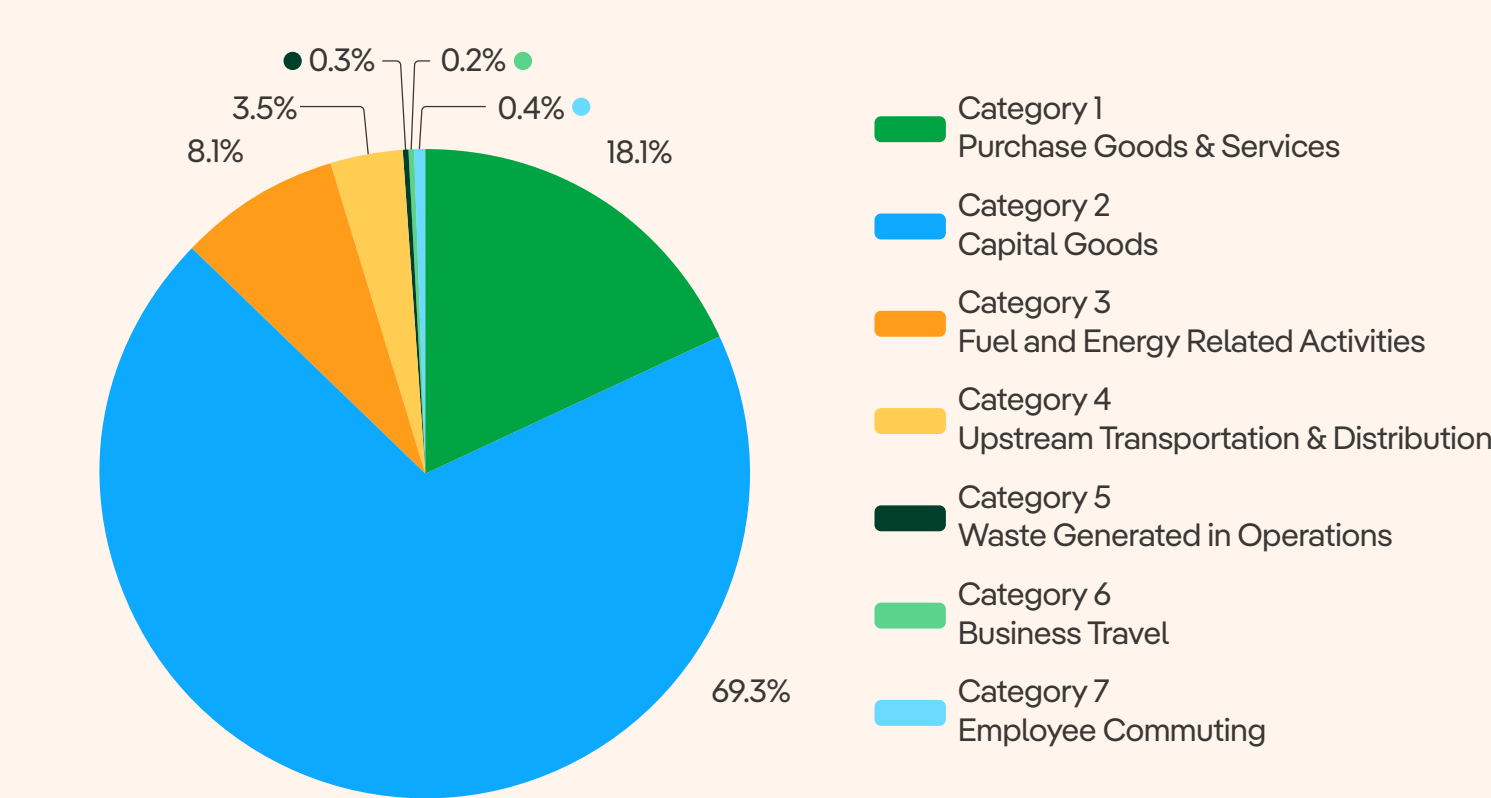
Scope 3 emissions

Scope 3 emissions represent approximately 74% of our overall carbon footprint (excluding losses) and primarily relate to upstream impacts associated with our supply chain. These emissions are reported in accordance with the Greenhouse Gas Protocol, which classifies Scope 3 emissions into defined categories to support consistent measurement and reporting.

2025/26 SPT Carbon Footprint



Scope 3 Baseline Breakdown by Category



Most of our Scope 3 emissions come from the products, materials and services we buy to build and maintain the transmission network. Categories 1 and 2, which cover purchased goods and services and capital goods, account for nearly 90% of our total Scope 3 emissions. This reflects the carbon associated with producing and supplying the major equipment and materials used in infrastructure development. As our construction programme grows to support the transition to Net Zero, emissions in these categories are expected to increase unless further reductions are achieved through design choices, lower-carbon materials and supply chain collaboration.

To manage this, we are continuing to apply the principles of PAS 2080, the recognised standard for carbon management in infrastructure. In practice, this means considering carbon at each stage of a project, from early design through to construction, so that opportunities to reduce emissions are identified and acted on as early as possible.

Another important source of Scope 3 emissions is linked to the energy used before electricity reaches our network. This includes emissions from generating the electricity that is later lost as it moves through the transmission system. These emissions are expected to reduce over time as more of the UK’s electricity is generated from low carbon and renewable sources.

Status update

In line with our commitment to reducing emissions, we have established science-based targets for Scope 3 and continue to strengthen how we measure and manage emissions across our value chain. Scope 3 reporting remains complex, particularly for the goods and services we procure, due to the scale and diversity of our global supply chain. To improve accuracy, we are refining our methodology and moving away from spend-based estimates where more detailed activity data is available.

To ensure this drives practical change across our supply chain, we have introduced carbon management plans for all projects and embedded this requirement within our contracts. These plans require contractors to identify carbon hotspots, set out actions to reduce emissions and provide clearer evidence of how lower-carbon choices are being considered during design, procurement and construction. This creates a stronger link between carbon reporting, project delivery and supplier performance, helping us move from measurement to targeted action.



Business Travel

Status update

Business travel emissions cover indirect emissions from vehicles and transport not owned by SP Energy Networks, including employees’ personal vehicles, rental cars, public transport and air travel. As our activity levels have increased during RIIO-T2, overall business travel emissions have risen, reflecting higher travel mileage and the unusually low travel levels seen at the start of the price control during the COVID period. However, this increase should be viewed alongside a positive underlying trend: carbon intensity per mile has reduced consistently year on year. This shows that, while we are travelling more to support delivery of our growing programme, each mile travelled is becoming lower carbon, reflecting changes in travel behaviour and a continued shift towards lower-emission transport choices.

Metrics

Year	Unit	Baseline 2018-19	Year1 2021-22	Year2 2022-23	Year3 2023-24	Year4 2024-25	Year5 2025-26
Business Travel (excluding contractor business travel)	tCO ₂ e	547	369	474	517	613	702
	Miles	2,119,675	1,373,064	1,903,919	2,087,380	2,505,717	2,972,717
	kgCO ₂ e/mile	0.258	0.269	0.249	0.248	0.245	0.236





Embodied Carbon & Carbon Management in Infrastructure

We have made strong progress in improving our understanding of embodied carbon across our projects, building on last year’s reporting and doubling the number of project assessments completed.

This is the second year in which we have assessed the full embodied carbon of projects, including both electrical assets and civil works. As our reporting has matured, we now have a clearer view of the main sources of embodied carbon and where future reduction efforts should be focused. Electrical assets and cables remain the largest emissions sources, accounting for 81% of total assessed emissions, with concrete accounting for 9% and steel for 2%.

Although some overhead line (OHL) refurbishment projects were included in this year’s assessment, data for new OHL projects remains limited. As more new OHL projects are assessed, we expect our understanding of concrete and steel impacts to improve further, particularly due to their use in towers and foundations. This growing evidence base will help us target lower-carbon design and material choices more effectively in RIIO-T3.

Status update

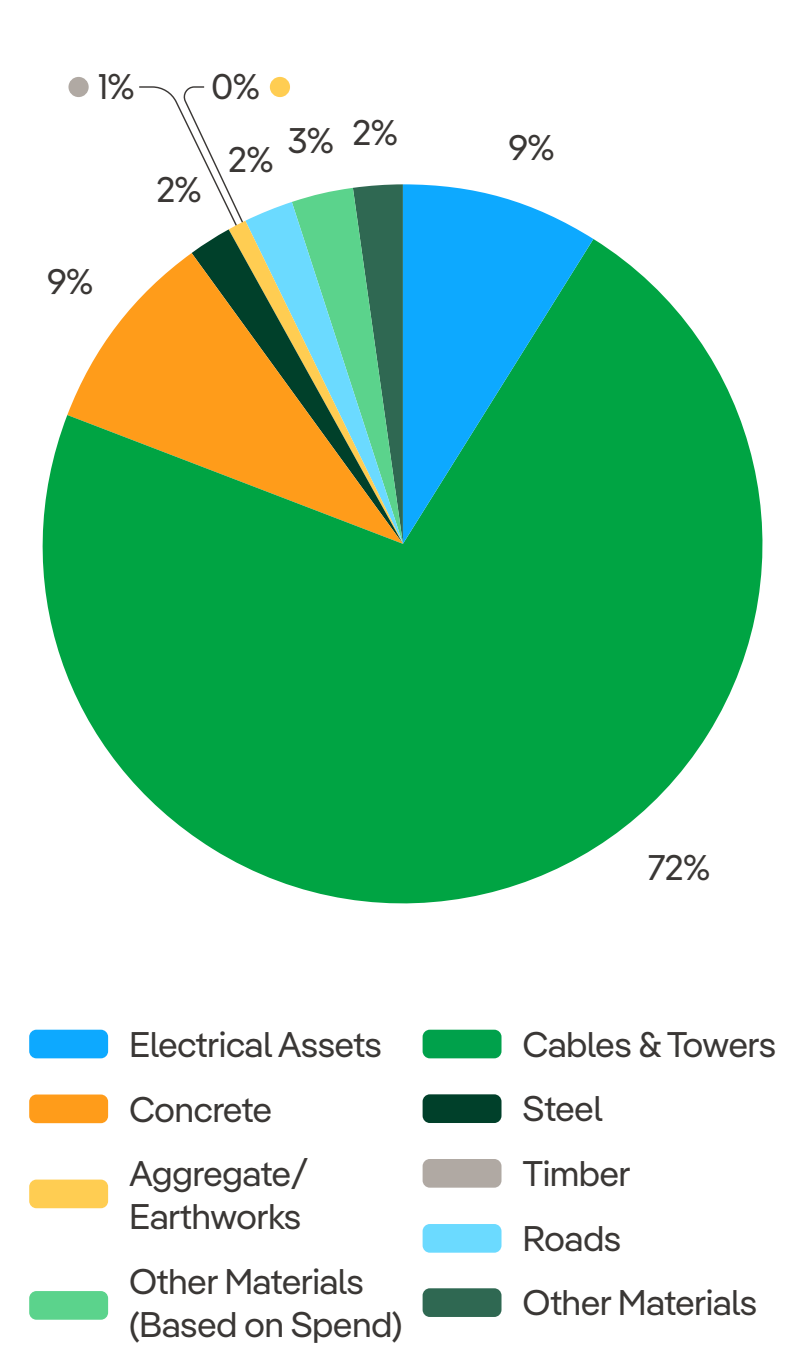
We have made good progress in strengthening how embodied carbon is measured, managed and reported across our projects. During the year, we updated our Contractor Environmental Performance Requirements so that contractors must now provide embodied carbon assessments at multiple project stages and

prepare carbon management plans setting out the practical actions they will take to reduce emissions. This is an important step forward, as it embeds carbon management more clearly into project delivery and helps ensure reduction opportunities are considered from design through to construction.

We are also moving to a new carbon assessment tool, building on the work already completed to improve consistency between in-house and contractor-led assessments and to align with the approach being developed with the other Transmission Operators. This will provide a more consistent methodology across projects, improve data quality and support more robust tracking of embodied carbon reductions over time. During 2025/26, this work helped us identify key embodied carbon hotspots and better understand viable lower-carbon alternatives, particularly for concrete, steel, aggregates and electrical infrastructure.

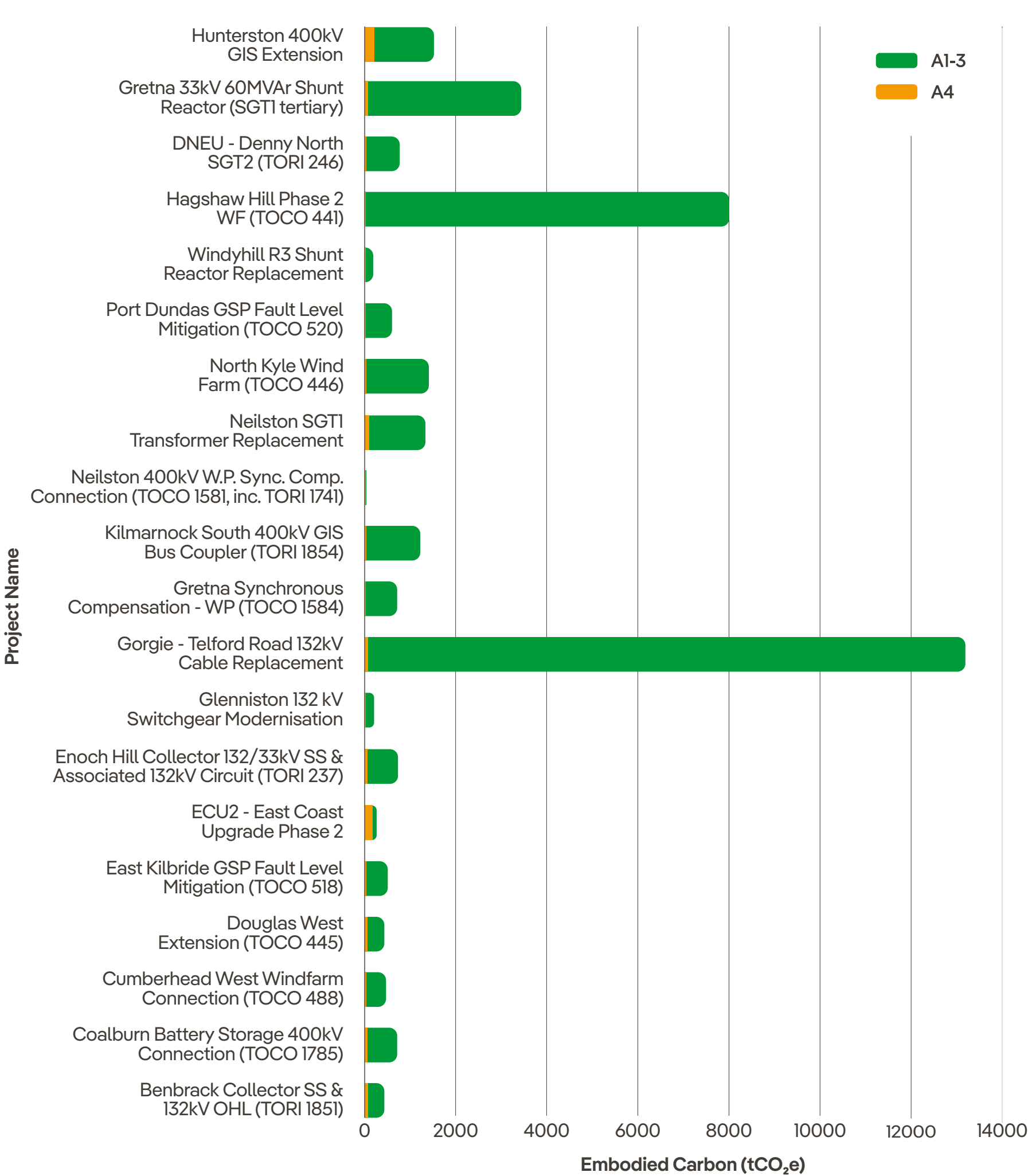
This progress provides a strong foundation for targeted action in RIIO-T3. A T3 allowance, including a 0.3% cost uplift, has been secured to support wider adoption of lower-carbon materials where they are not yet cost competitive. Procurement processes are being adapted so tenders can compare business-as-usual specifications with lower-carbon alternatives, improving transparency on both cost and carbon performance. This will help move lower-carbon choices from assessment into delivery, with progress reported through T3 Annual Environmental Reporting.

Material breakdown (%) of Embodied Carbon in Construction Projects¹



¹These assessments have been carried out on 10 SPT projects and does not cover all types of SP Energy Networks projects.

Embodied Carbon Breakdown (tCO₂e)



Commitments

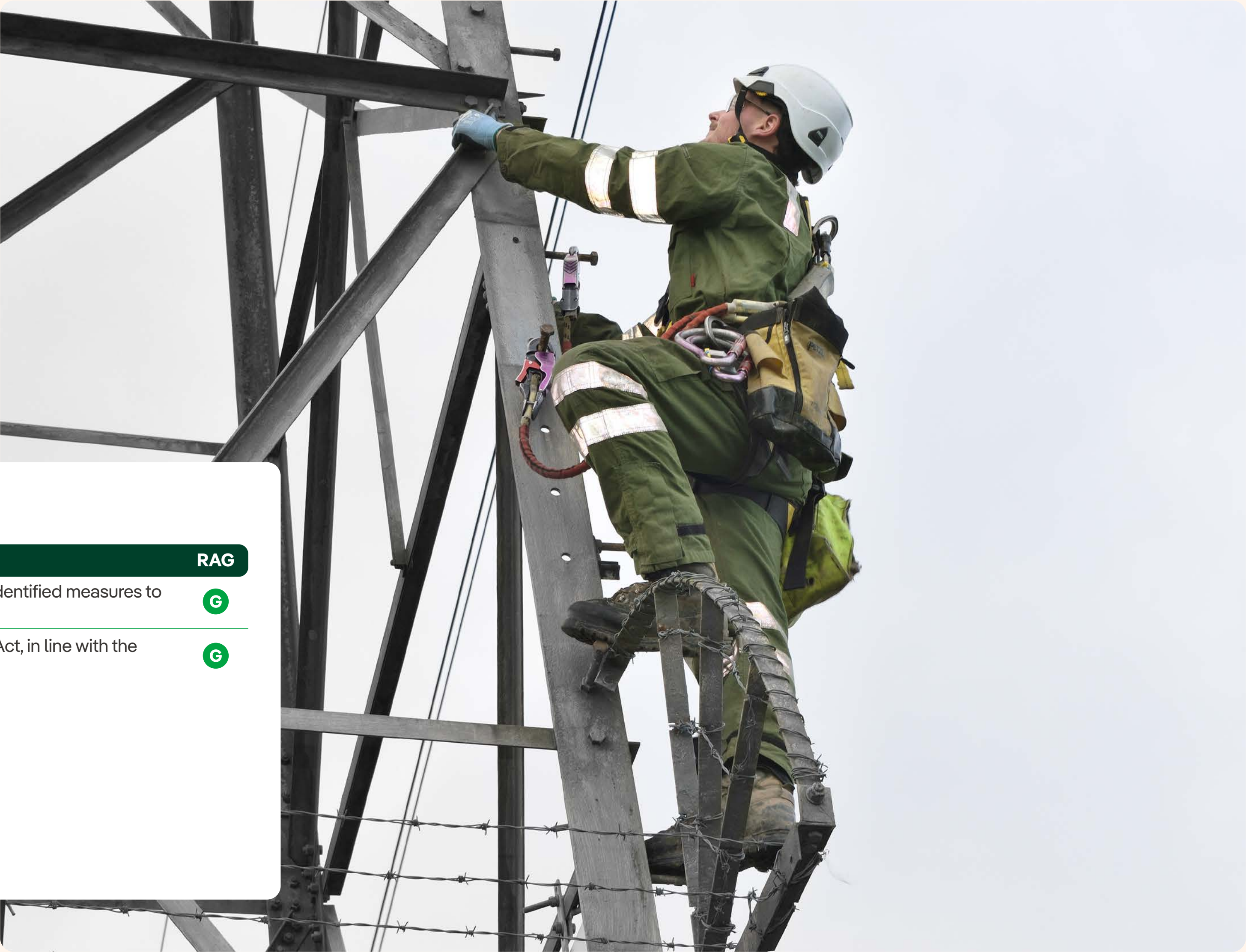
Commitment	RAG
We will work collaboratively with our stakeholders, including the other Transmission Operators, throughout RIIO-T2 with the aim of assessing and managing capital carbon on our projects, driving efficiencies throughout our supply chain, and sharing best practice.	G
We will identify, and subsequently monitor and report, metrics to track progress towards our Scope 3 science-based carbon reduction target.	G
We will, in collaboration with the other Transmission Operators, introduce a measurement tool for embodied carbon in new projects, in order to establish a baseline and set a reduction target.	G
We will collaborate with our supply chain and other Transmission Operators to drive scope 3 and embodied carbon footprint reductions.	G
We will collaborate with our supply chain to implement sustainable project sites to reduce carbon and other impacts, for example energy efficiency, diesel use, re-use of materials and reducing impact of transportation.	G

Climate Change Impact

Scotland’s evolving climate poses challenges to the reliability of our network, and proactive measures are essential to maintain long-term resilience. To address this, we are focused on:

- Assessing our current resilience to extreme weather events.
- Evaluating the potential impacts of climate change on our infrastructure.
- Embedding climate adaptation into our business processes and investment decisions.

All ten Flood Risk Assessments have now been completed, identifying four sites requiring remediation. Implementation has commenced across all four sites, with works completed at one location and progressing at two others, both of which are expected to be completed by the end of 2026. Works at the final site have been delayed due to the requirement for planning consent; this process is now underway. As the final site cannot be completed within the RIIO-T2 period under the current planning conditions, we continue to engage with the local authority and stakeholders to identify an efficient, cost-effective solution and complete the necessary works as soon as possible.



Commitments

Commitment	RAG
We will undertake detailed Flood Risk Assessments at our remaining 10 high risk sites and implement identified measures to mitigate the risk to the network from flooding.	<div>G</div>
We will publish a report in line with the 3rd Round of Adaptation Reporting under the Climate Change Act, in line with the Energy Networks Association work to produce a sector report.	<div>G</div>

Metrics

Metric	Amount
Flood Risk Assessments (FRA) completed	10
Implementation in 2024-2026	4



Action for Nature

Across our Transmission business, we continue to prioritise the protection and enhancement of the ecosystems in which our network operates. We apply the mitigation hierarchy throughout our activities, avoiding and minimising environmental impacts wherever feasible and enhancing or compensating for any residual effects. This approach supports our commitment to delivering No Net Loss of biodiversity during the RIIO-T2 period. In 2025/26, we also fulfilled our internal requirement to achieve 10% Biodiversity Net Gain on all planning projects.



Pollution Prevention

As we deliver the transition to a low carbon energy system, we remain focused on preventing pollution, protecting and enhancing biodiversity, using resources responsibly and working with our supply chain to reduce environmental impacts. Environmental protection is central to how we plan, build, operate and maintain our network, and we continue to strengthen our controls, processes and performance across our activities.

Status Update

Incidents

During the reporting period, SP Transmission reported two environmental incidents to SEPA. Both incidents underwent appropriate investigation and pollution containment with follow-up actions undertaken.

One incident related to a fluid-filled cable leak, which was reported to the regulator and managed through established response arrangements. The second related to ground conditions encountered during cable repair works, where sampling and appropriate controls were put in place to manage potential environmental and health risks.

Pollution Prevention Plans

Pollution Prevention Plans are now embedded across all major transmission projects as a key part of environmental risk management. These plans set out the controls required to prevent pollution during both routine works and reactive conditions, helping to ensure that risks are identified, managed and monitored throughout project delivery.

The plans focus on practical controls for activities with the potential to affect the environment, including protection of watercourses and drainage systems, management of dewatering, safe handling and storage of fuels and controlled substances, use of construction materials such as concrete and bentonite, soil management and wet weather working arrangements.

Transmission Operations also continues to strengthen pollution prevention arrangements across its substation estate. Around 200 substations are operated and maintained across Scotland, each with its own environmental sensitivities. Over the past two years, drainage information for each site (including isolation valves, separators and outfall locations) has been mapped and made available in control rooms alongside Pollution Prevention Plans and emergency spill response equipment. Fitters and engineers have also received training in spill prevention and response, helping to improve awareness and support effective management of incidents across projects and operational sites.

An oil top-up scorecard for our above-ground oil assets is circulated to all Transmission Operations Managers on a monthly basis. The scorecard includes an environmental review of all assets that have undergone oil maintenance / received oil top-ups during the reporting period. Asset locations are assessed against bund condition data and environmental sensitivity information to identify any increased risk of environmental pollution. Where a higher-risk asset is identified, corrective actions are initiated, including contractor inspections and mitigation / remedial works where necessary helping to reduce the likelihood of an environmental incident.

PCB removal

During RIIO-T2, we progressed a targeted programme to identify and remove assets that were known or suspected to contain polychlorinated biphenyls (PCBs), in line with regulatory requirements and our commitment to pollution prevention. Following an initial data review, a further check was completed using SAP records to identify capacitor voltage transformers (CVTs) manufactured before 1987, where there was potential for PCB-containing oil to be present. This increased the number of CVTs requiring review by 15.

A programme of site visits was then undertaken to verify asset data and confirm the appropriate treatment route. Of the 142 CVTs reviewed, 51 were discounted because they had already been removed or replaced, were confirmed as non-oil filled assets, or could be tested and demonstrated to be below the relevant PCB threshold. This left 91 CVTs requiring removal or replacement. By the end of RIIO-T2, 90 had been completed, including 21 during the 2025/26 regulatory year. The remaining unit was completed in May 2026, shortly after the reporting period, following outage rescheduling linked to network operational constraints.

The programme also included a review of 30 current transformers (CTs). Using the same verification approach, eight were discounted because they had already been replaced or were confirmed as containing no oil and 1 CT remains to be removed during 2026. Of the 22 remaining CTs, 21 were removed before the 2025/26 reporting period, with the final asset planned for removal during 2026.





Pollution Prevention

Oil Mitigation and Maintenance

We have maintained a proactive approach to the environmental management of our oil-filled assets, including transformers, reactors and fluid filled cable systems. Through regular inspection, and oil quality assessment and performance monitoring, we continue to identify emerging risks early and maintain confidence that assets remain fit for purpose and environmentally secure.

The majority of oil top-ups undertaken during the year related to transformers and reactors as part of planned maintenance activities, as mentioned above these are circulated via a scorecard to the managers every month. Where repeat top-ups occur, these are investigated, tracked and incorporated into asset management plans to support timely repair or replacement.

Fluid filled cable (FFC) systems are subject to a dedicated inspection and maintenance programme. Monitoring of fluid levels and top-up requirements enables trend analysis and early identification of potential leaks, supporting targeted intervention before losses escalate. Leak location on fluid filled cable systems can be particularly complex particularly in densely populated urban environments, however ongoing monitoring remains an effective tool in managing this risk. Oil top-up figures reported relate solely to replacement oil associated with losses from assets and exclude routine maintenance activities such as oil flushing.

As seen below in the Metrics table, reported oil top-up volumes for the current period are higher than in previous years due to continued management of a known fluid filled cable leak which occurred prior to the reporting period. Top-ups were required to maintain the cable in service while the affected section was managed and

subsequently decommissioned. During this period, the majority of the oil introduced into the system was recovered and captured by tanker operations, significantly reducing the volume of oil released to the environment. The affected cable has now been removed from service, eliminating the need for future top-ups associated with this asset.

In addition to the works underway for FFC, we are making strong progress with our T2 bunding programme. To date, 17 bunds have been upgraded across five different sites, with work continuing at the remaining locations.

Legacy Land Contamination.

We continue to progress our programme to identify, assess and address legacy land contamination risks across the transmission estate. Three locations remain subject to active remediation planning, with investigations and early mitigation measures helping to improve our understanding of site conditions and reduce potential environmental risk.

During the year, further assessment work was completed to inform appropriate remediation approaches. This included reviews of existing information, targeted investigations and the development of measures to strengthen pollution prevention controls. These activities are helping to ensure that remediation is evidence-led, proportionate and aligned with environmental good practice.

We continue to engage with the relevant regulator where required and will develop site-specific remediation plans in line with environmental compliance requirements. Ongoing monitoring will continue to support safe delivery, confirm the effectiveness of mitigation measures and help protect the surrounding environment.

Commitments

Commitment	RAG
We will target zero environmental regulatory interventions and notifiable breaches	R
We will deliver our RIIO-T2 programme of mitigation measures (oil containment) for pollution prevention, developed via a condition-based asset risk assessment process.	R
We will implement Pollution Prevention Plans for all future projects for RIIO-T2 and beyond.	G
We will implement a programme to identify, risk assess and address high risk legacy land contamination.	G
We will eliminate PCBs from our network in compliance with the relevant legislation and in line with the industry approach agreed with the Environmental Regulators.	R

Metrics

	Unit	2021-22	2022-23	2023-24	2024-25	2025-26
Oil in service (main transformers)	Litres	8,516,712	8,525,310	15,980,361*	17,024,101	17,138,297
Oil in service (FFCs)	Litres	268,000	268,000	268,000	268,000	262,492
Oil in service (total)	Litres	8,784,712	8793310	16,248,362	17,292,101	17,400,789
Cable oil top ups	Litres	3,307 (1.2%)	5805 (2.2%)	38,728 (14.5%)	4,573 (1.7%)	14,583 (5.6%)
Transformer oil top ups	Litres	34,375 (0.4%)	22553 (0.3%)	23,329 (0.14%)	21,985 (0.13%)	23,240 (0.13%)

* Difference in Oil in Service in main transformers relates to improvements in data reporting

Land and Biodiversity
improvement

Across our Transmission business, we are committed to leaving a positive legacy for nature by protecting habitats, enhancing biodiversity and delivering lasting environmental benefits alongside essential network infrastructure. Through our Action for Nature approach, we are going beyond managing environmental impacts and actively seeking opportunities to restore ecosystems, support nature recovery and work with local partners to create meaningful improvements for wildlife and communities.

Status update

During the RIIO-T2 period (2021–2026), we achieved an impressive Biodiversity Net Gain of 16%, supported by enhancement projects that delivered 780 Biodiversity Units across 408 hectares of land. From restoring valuable habitats to strengthening ecological networks, these projects demonstrate our commitment to not only minimising environmental impacts but actively contributing to nature restoration and the protection of biodiversity for future generations.

Total BUs Delivered	Total Area (Ha) Delivered	Total Net Gain (%)
780	408	16%

This year, we made strong progress towards our net gain targets by partnering with six organisations to deliver biodiversity enhancements. These collaborations supported peatland restoration and the creation of new riparian corridors across central and southern Scotland, helping to deliver meaningful biodiversity benefits at landscape scale. These interventions created a total 462 BUs. The permitted development portfolio of projects were grouped and offset with a single biodiversity scheme.

To measure biodiversity impacts and enhancements consistently, we use an adapted SSEN Transmission Biodiversity Metric, based on the DEFRA metric. This is currently considered the most appropriate available method for linear infrastructure in Scotland while a Scottish-specific biodiversity metric is developed. We are represented on the

2025/2026 projects

Project Name	Partner Organisation	Biodiversity Enhancement	Biodiversity Units created (onsite & offsite)	Net Gain (%)	Delivery Year
Blackhill Harmonic Filter	Ayrshire Rivers Trust	Riparian Woodland Creation	6.26	96.86	2025
Network Rail Currie Feeder Station	Neary Construction	Onsite Landscaping - Hedgerow, Wildflower, and Woodland Creation	21.3	36	2026
Eccles Substation Extension	I&H Brown	Onsite Landscaping - Hedgerow, Wildflower, and Woodland Creation	31.37	7.54	2026
Permitted Development No Net Loss Projects (16 SPT Projects)	Buglife	Peatland Restoration	207.88	14.67	2025
Permitted Development No Net Loss Projects (6 SPT Projects)	Buccleuch Estates & Galloway Fisheries Trust	Peatland Restoration	187.30	2.07	2026
Permitted Development No Net Loss Project (1 SPT Project)	Tweed Forum	Woodland & Hedgerow Creation	7.64	84.99	2026
Total			461.75	10.32	

NatureScot Expert Stakeholder Group supporting development of the new Scottish Planning Biodiversity Metric and will continue to engage with NatureScot, Scottish Government and industry partners to ensure our approach remains robust and supports delivery of our biodiversity commitments.

We continued to strengthen our approach to biodiversity enhancement in Scotland, working closely with NatureScot, Scottish Government and local planning authorities to create resilient landscapes which allow habitats and wildlife to thrive. Across our projects, we focused on delivering high-quality habitat creation and improvement, carefully targeting opportunities that delivered the greatest long-term benefits to nature. As network development

accelerates and land within project boundaries remains constrained, we are increasingly working with communities, landowners and local partners to identify off-site opportunities that support nature recovery beyond individual project footprints.

This collaborative approach is already helping to build a stronger pipeline of biodiversity restoration projects. During the year, we worked with organisations including Galloway Fisheries Trust, Ayrshire Rivers Trust, multiple other specialist environmental NGOs with expertise in peatland restoration, to shape and refine our enhancement methods, as well as identifying future schemes that can deliver measurable benefits for both species and local communities.

 Land and Biodiversity improvement (continued)

Looking ahead, we are proud to be delivering a further **249 BUs across 333 ha** in collaboration with four exceptional nature charities at the forefront of nature restoration in Scotland. We will continue to develop and deliver this portfolio during RIIO-T3, building on the progress we have made, and helping to leave a positive legacy for nature across the areas in which we operate.

Natural Capital Baseline

During RIIO-T2, the three TOs worked collaboratively to explore available natural capital tools and agree a common approach. This collaboration enabled us to use EcoUplift to establish our first natural capital baseline across land we own or lease, creating a shared evidence base to better understand the environmental value of our estate.

We used EcoUplift to undertake natural capital assessments across land we own, enabling us to establish our first natural capital baseline across the estate. This is a significant milestone, giving us valuable insight into the environmental assets within our landholdings and creating a strong evidence base to support future decision-making. By developing a clearer understanding of environmental value, opportunities and potential impacts across our estate, we have strengthened how natural capital considerations can be integrated into our activities and investment planning.

As we move into RIIO-T3, we will continue to use this natural capital data to inform decisions, support more consistent assessment of our estate and network developments and identify opportunities to deliver positive environmental outcomes. Building on the strong baseline established during RIIO-T2, we will further embed natural capital insights into project planning, land management and investment decisions during the RIIO-T3 period.



Case Study -
Ayrshire Rivers Trust –
Cessnock Water Phase 1 & 2 >

Case Study -
Galloway Fisheries Trust –
Loch Moan >

Case Study - Ayrshire Rivers Trust – Cessnock Water Phase 1 & 2

We are dedicated to working with communities to protect and enhance biodiversity across our projects in partnership with local delivery partners. We are continuously working towards delivering tangible, measurable environmental outcomes as part of our commitment to 10% BNG across planning projects, and No Net Loss across permitted development projects.

This year, we worked with Ayrshire Rivers Trust on a two-phase riparian planting scheme along the Cessnock Water. The Cessnock Water Riparian Planting scheme consists of 7.7ha of riparian broadleaved woodland creation across the two phases. The project timeframe ran from November 2025 – March 2026 with an additional 5-year maintenance period to ensure establishment of ecological benefits. The project is expected to deliver 9.57 Biodiversity Units (BU) upon reaching target condition, assessed through the SSEN-T biodiversity metric.

The scheme supports the creation of degraded habitats, and importantly strengthens habitats along a nature corridor, improving nature networks and connectivity. A phased approach was adopted to meeting the biodiversity planning requirements for two projects, New Cumnock and Blackhill Hamonic Filter. Beyond meeting NPF4 policy, this supports the biodiversity and ecological goals of East Ayrshire Council within their local authority area boundary.



Case Study - Galloway Fisheries Trust – Loch Moan

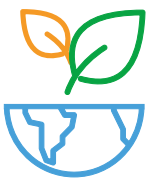
In 2025/26, we collaborated with the Galloway Fisheries Trust on a forest-to-bog restoration project at Loch Moan. The site was historically a natural peat bog but has been significantly altered by past land use practices, including drainage for commercial forestry. The project aims to restore 22.55 hectares of wet modified bog from previously felled woodland in poor condition, delivering a predicted gain of 66.44 BUs. Restoration works were carried out in February 2026, with the site expected to reach its target condition by 2040.

Our contribution the restoration of Loch Moan’s surrounding peatlands aids the protection of the River Cree and Loch Moan from acidification and reduced water quality. The River Cree is of high importance within the Dumfries and Galloway local authority, particularly due to its salmon and trout population, and is celebrated for holding one of the only three known populations of Sparling in Scotland.

This project is one of nine landscape-scale exemplar projects identified by NatureScot as part of the response to the nature and climate crises. Landscape scale restoration is a key priority for NatureScot, enabling the delivery of wide-ranging benefits for biodiversity, flood management, the economy and local communities.

The project supports and promotes nature recovery by reconnecting fragmented ecosystems, enhancing ecological networks, and establishing nature corridors within Dumfries and Galloway.





Maximising environmental benefit from non-operational land

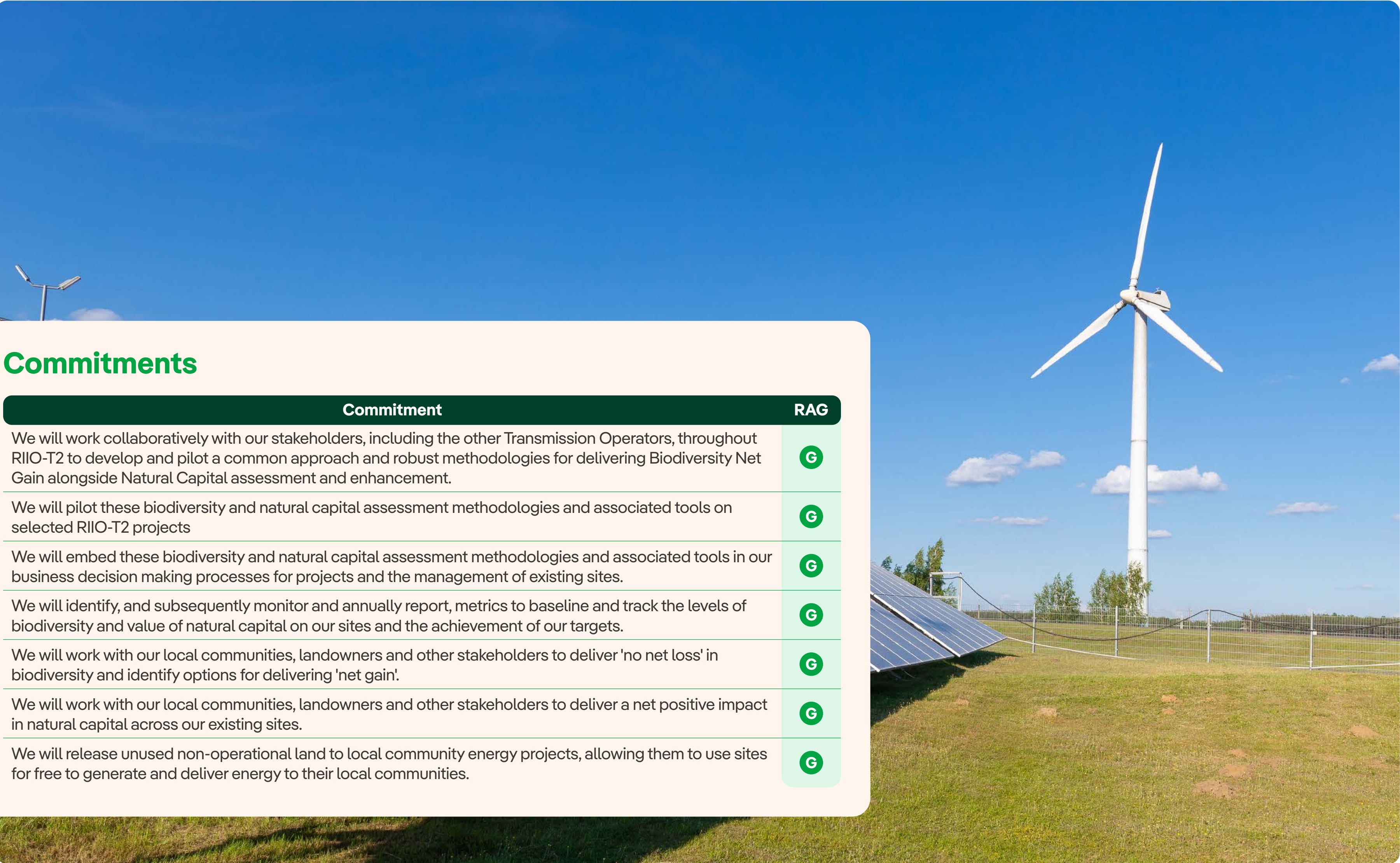
Status update

We are delivering approaches to maximise ecological, social and environmental benefits across central and southern Scotland. This is achieved through seeking opportunities to enhance the land around our network where possible.

As part of our RIIO-T2 commitments, a Consumer Value Proposition (CVP) was used to deliver funding for two initiatives which aim to offer social, environmental and biodiversity improvements throughout our licence area. Due to the expansion of the network to facilitate increasing demand for connections to the grid, land availability is limited. Consequently, a blended approach of delivering the CVP was adopted:

- Microgrants to support 16 local community projects;
- A collaboration with Buglife to enhance non-operational land across 4 substation sites to benefit pollinator species.

In 2025/2026, we continued to support these community-led projects, delivering community woodlands, gardens, restoring social shelters, supporting nature development around schools through garden restoration, bird- and bee-friendly installations. A total of 16 microgrants have been donated. At four owned substation sites (Livingston East, Busby, Leven and Drumcross), Buglife have enhanced our non-operative land through plug planting and seed sowing of native species, increased connectivity of habitats for pollinators was also delivered through hedgerow creation. The pollinator populations are being actively supported by the installation of bee nesting posts and bee banks which are currently being used by invertebrates. The substation works will conclude Autumn 2026.



Commitments

Commitment	RAG
We will work collaboratively with our stakeholders, including the other Transmission Operators, throughout RIIO-T2 to develop and pilot a common approach and robust methodologies for delivering Biodiversity Net Gain alongside Natural Capital assessment and enhancement.	G
We will pilot these biodiversity and natural capital assessment methodologies and associated tools on selected RIIO-T2 projects	G
We will embed these biodiversity and natural capital assessment methodologies and associated tools in our business decision making processes for projects and the management of existing sites.	G
We will identify, and subsequently monitor and annually report, metrics to baseline and track the levels of biodiversity and value of natural capital on our sites and the achievement of our targets.	G
We will work with our local communities, landowners and other stakeholders to deliver 'no net loss' in biodiversity and identify options for delivering 'net gain'.	G
We will work with our local communities, landowners and other stakeholders to deliver a net positive impact in natural capital across our existing sites.	G
We will release unused non-operational land to local community energy projects, allowing them to use sites for free to generate and deliver energy to their local communities.	G

Enhancing visual amenity

Visual amenity has remained an important consideration throughout RIIO-T2, both in the planning of new and replacement assets and in how we manage the legacy impact of existing infrastructure. Some older assets continue to affect surrounding landscapes and the people who use them, particularly where communities have developed around historic infrastructure or where expectations around landscape quality and access have evolved over time.

Status update
Across the RIIO-T2 period, the VIEW project has provided a positive foundation for addressing visual amenity impacts associated with existing infrastructure in Loch Lomond and the Trossachs National Park. Through engagement with communities, landowners and stakeholders, we identified potential opportunities for visual enhancement and built a clearer understanding of where mitigation could deliver wider landscape, community and environmental benefits.

We have also used the RIIO-T2 period to contribute to Ofgem’s consideration of how visual amenity measures could be expanded in future price controls. This engagement has been important in helping to shape a broader understanding of the types of projects that may be eligible for funding and how visual amenity improvements can be delivered alongside biodiversity enhancement and community benefit.

Although there are no new project-specific updates to report this year, the work completed during RIIO-T2 has strengthened our approach and created a strong platform for RIIO-T3. This provides a good foundation for us to make effective use of the new Landscape Enhancement Initiative funding, supporting future opportunities to address visual amenity impacts where projects are evidence-based, stakeholder-led and deliver clear landscape, biodiversity and community benefits. We will continue to consider screening planting and other proportionate mitigation where appropriate, with visual amenity expectations reflected in our wider biodiversity enhancement and landscaping standards.



Commitments

Commitment	RAG
Where supported by visual amenity assessment and stakeholder engagement, and when cost effective to do so, we will deliver visual amenity mitigations for those existing assets not identified for upgrade or refurbishment during RIIO-T2.	G



Circular Economy

As a sustainable networks business, we are committed to embedding circular economy principles across our policies, procedures and project delivery. We work collaboratively to improve resource circularity, recognising the importance of keeping materials in use for as long as possible and retaining their value. In line with this approach, we have set a challenging target to reuse or recycle 100% of our waste by 2030, excluding compliance waste.

Status Update
Waste Performance Overview (January – December 2025)

In 2025, total waste generated was 225,317 tonnes, a decrease of 28,202 tonnes compared with the previous year. While waste volumes are expected to increase during RIIO-T3 as construction activity grows, our performance this year demonstrates strong progress in managing materials responsibly. Notably, in 2025, we achieved a landfill diversion rate of 98.3%. Furthermore, our reuse and recycling rate increased to 84.4% in 2025, keeping us on track towards our overarching goal of reusing or recycling 100% of waste by 2030, excluding compliance waste.

We have also completed our first full year using Qflow, which was introduced to improve the quality, visibility and consistency of waste data. This has given us a clearer understanding of waste pathways across our sites and is helping us identify where waste can be avoided, reduced, reused or recycled more effectively. The improved data will support better decision-making and strengthen our ability to influence circular economy outcomes across project delivery.

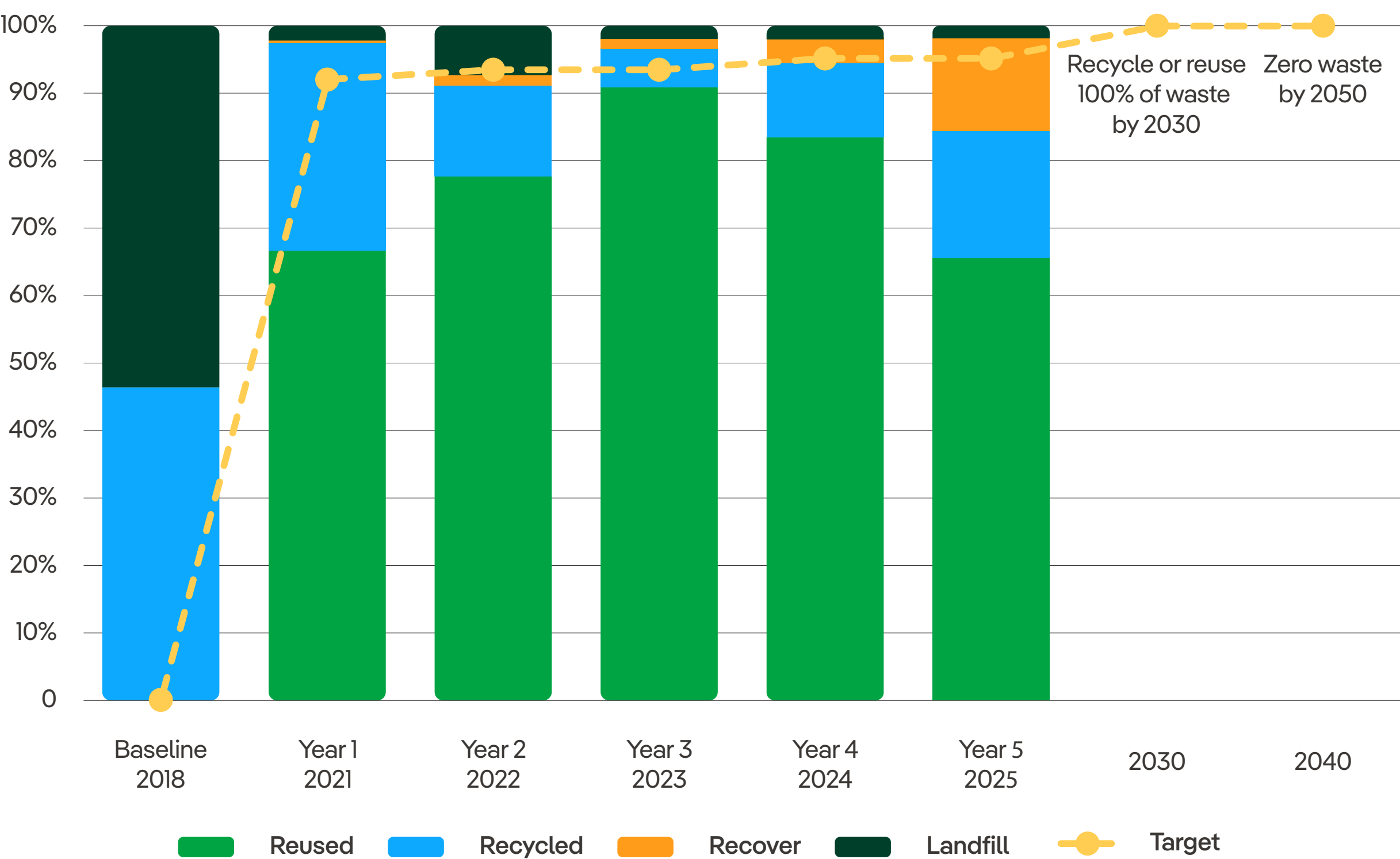
We have set a target for 30% of key materials to be sourced from recycled products. To support this, we have updated our Contractor Environmental Performance Requirements so that contractors provide reliable data on recycling rates for three of our largest material categories: concrete, steel and aggregate. We will continue to work with Qflow to improve how this information is captured and used, helping us build a stronger evidence base for future circular economy improvements.

We are also developing a Circular Economy Action Plan, supported by a detailed delivery plan, to set out the practical steps required to meet our long-term circular economy ambitions. This will help translate our targets into clear actions for the business and provide a strong foundation for continued progress during RIIO-T3.

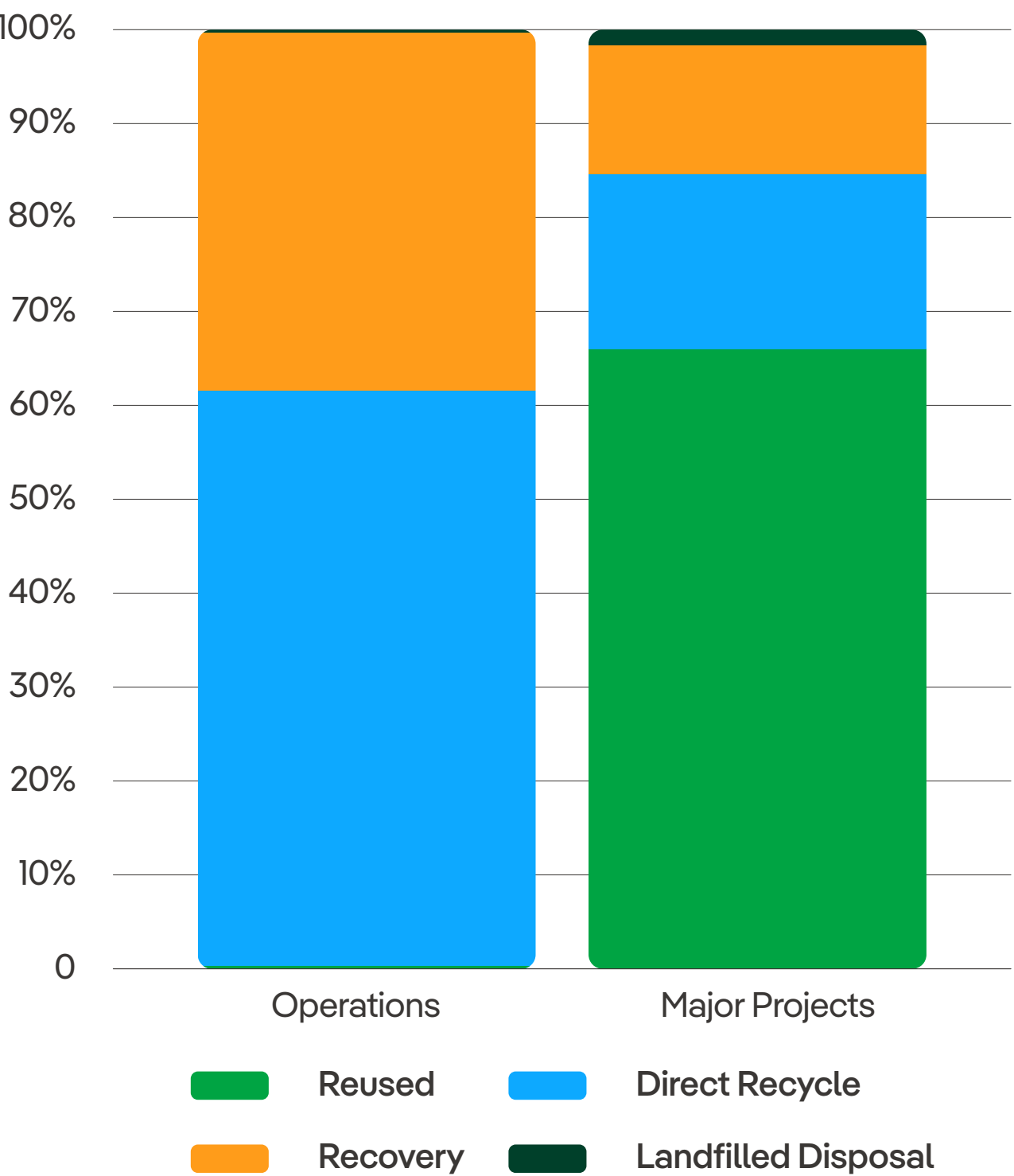


Waste Charts

SP Transmission Waste by Waste Route



Transmission Project Waste by Waste Treatment Type



Commitments

Commitment	RAG
We will embed circular economy principles where relevant throughout our business processes, considering whole life cycle environmental impacts.	G
We will divert 95% of our waste from landfill.	G
As part of our revision of design processes, we will include considerations of operational and end of life stages with the aim of designing out waste.*	G
We will require project Waste Management Plans for all new projects in RIIO-T2 and beyond.	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-T2.	G
We will set targets for recycled/reused materials as a % of total input materials to be achieved by end RIIO-T2, 2030 and 2050.	G
We will continue our work to minimise the environmental impacts of our use of aggregates (soils and stones) via collaboration with other TOs, our supply chain and membership on infrastructure resource optimisation groups** with the aim of identifying and implementing solutions to reduce the use and disposal of aggregates, including increased use of secondary aggregates.	G
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-T2 and Sustainability Goals.	G

* See related commitment to align with PAS2080 in Decarbonising our network and assets and supply chain collaboration commitments in Supply Chain Sustainability, which also encourage resource use reduction and waste minimisation.

** Via the Scottish Infrastructure Circular Economy Forum and Major Infrastructure Resource Optimisation Group.

Metrics

	Baseline 2018	Year 1 - 2021	Year 2 - 2022	Year 3 - 2023	Year 4 - 2024	Year 5 - 2025
Reused	-	61.1	19.8	47.7	211.4	148.0
Recycled	44.2	28.4	3.4	3.0	27.9	42.2
Recover	-	0.4	0.5	0.8	8.9	31.3
Landfill	51.0	1.9	1.8	1.0	5.3	3.8
Total waste (thousands of tonnes)	95.2	92.3	25.4	52.5	253.5	225.3

% of waste - fate	Baseline 2018	Year 1 - 2021	Year 2 - 2022	Year 3 - 2023	Year 4 - 2024	Year 5 - 2025
Reused	0.0%	66.7%	77.7%	90.8%	83.4%	65.7%
Recycled	46.4%	30.7%	13.4%	5.7%	11.0%	18.7%
Recover	0.0%	0.4%	2.0%	1.5%	3.5%	13.9%
Landfill	53.6%	2.1%	6.9%	2.0%	2.1%	1.7%
% Diverted from Landfill	46.4%	97.9%	93.1%	98.0%	97.9%	98.3%

Data and Assurance

Over the RIIO-T2 price control period, we have significantly strengthened our sustainability data, governance and reporting capability, moving from a position of establishing baseline datasets and reporting requirements to implementing a more mature, structured and digitally enabled approach to sustainability information management. A key commitment of our Environmental Action Plan was to improve the quality of environmental data collected and analysed across the asset lifecycle, supported by enhanced systems, governance arrangements and collaboration with key stakeholders.

At the beginning of RIIO-T2, our focus was on establishing the foundations for consistent sustainability reporting, defining key metrics, clarifying responsibilities and building baseline datasets. Over the five-year period we have progressively strengthened governance, improved data quality, introduced formal assurance processes, implemented new digital tools and developed a long-term sustainability data strategy. As a result, sustainability data is now more complete, transparent, auditable and accessible than at any point in our history, providing greater confidence in reported performance and supporting better business decision-making.

Some of the strongest T2 achievements are:

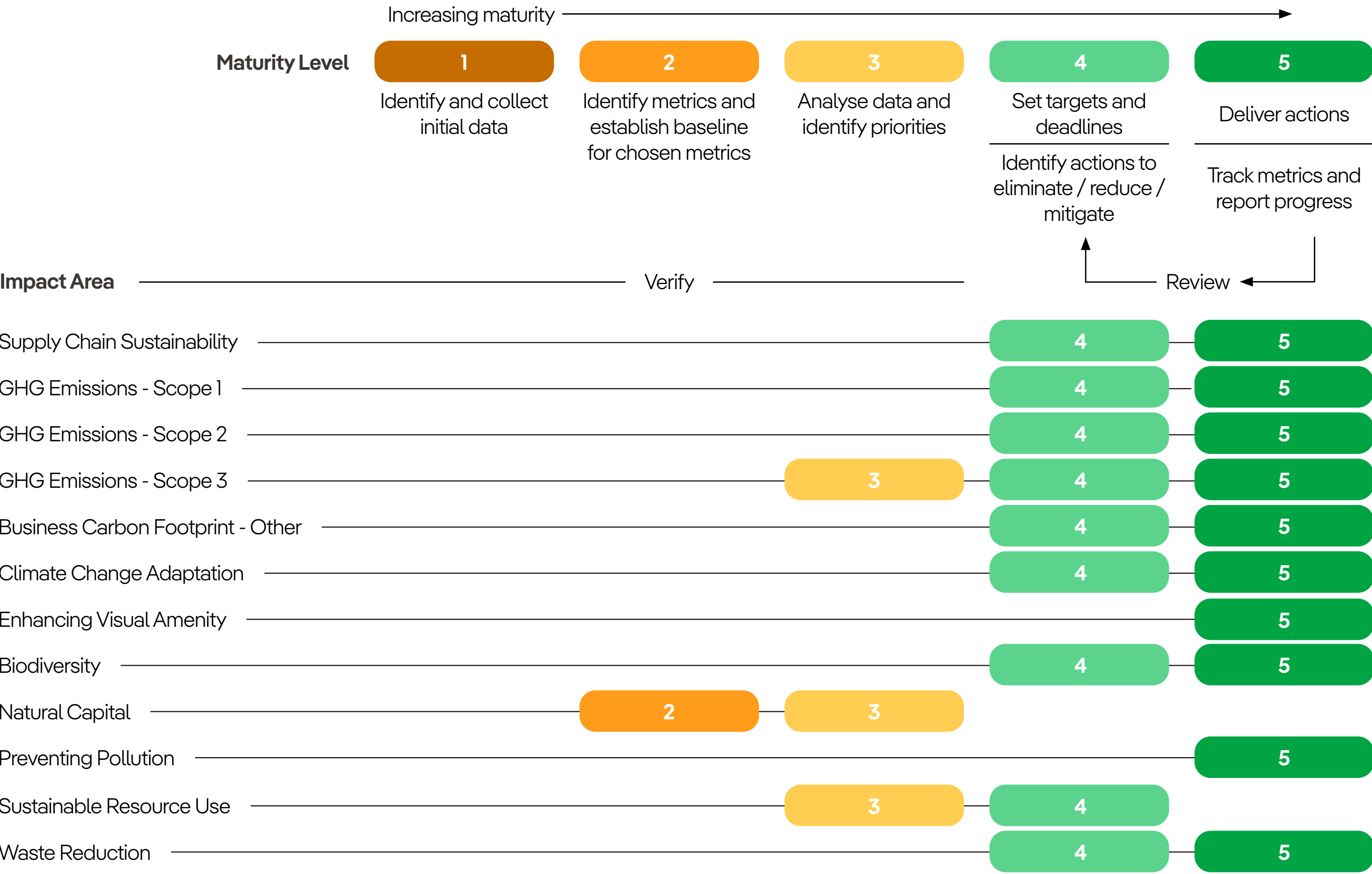
- Development of the Sustainability Data & Reporting Strategy establishing a long-term roadmap to improve data collection, analysis, governance and reporting maturity with a defined roadmap to 2028.

- Implementation of Qflow our contractor sustainability reporting platform, enabling the capture of waste, materials and carbon data directly from operational activities. By using Optical Character Recognition (OCR) technology to process waste transfer notes and material delivery records, Qflow has improved data completeness, consistency and contractor engagement while enhancing traceability and compliance monitoring.
- Establishment of a sustainability digitalisation roadmap driving future system improvements and reduced reliance on manual processes.
- Introduction of increasingly robust DAG-aligned assurance processes across reporting submissions.
- Continued external independent verification of greenhouse gas emissions data in accordance with ISO 14064-3, providing additional assurance over the reliability of our greenhouse gas reporting. A link to the Planet Mark Verification Statement can be found [here](#).
- Collaboration with other network operators to improve consistency of reporting methodologies, metrics and disclosures across the sector.

By the end of RIIO-T2, we have established a robust sustainability data and reporting framework supported by clear governance, digital tools, defined methodologies and formal assurance arrangements. This foundation positions us strongly for RIIO-T3, where increasing stakeholder expectations, external assurance requirements and evolving sustainability reporting standards will require even higher levels of data quality, transparency and auditability.



Data Maturity Matrix



We have progressed against the RIIO-T2 data maturity ambition by improving data ownership, governance, evidence trails and digital reporting. Key areas include better waste, materials and carbon data capture through Qflow, development of dashboards and automated reporting, and stronger assurance and auditability. Further work in RIIO-T3 will focus on closing remaining data gaps and embedding consistent controls.

Let us know what you think

The road to Net Zero will affect us all. So, we would like to hear from you – our communities, customers, employees, suppliers and investors.

We have committed to publish an Annual Environmental Report, so we need your feedback to make sure we continue to focus on the correct areas to deliver a more sustainable future for all.

Through 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](#).

Performance Tables

Report Section	Metric	Units	Baseline Year 2018/19	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26
Performance Dashboard	Long-Term GHG reduction target Scopes 1,2,3 67.5% SBTi reduction by 2030.	%	N/A	67.2%	67.2%	67.2%	67.2%	67.5%
	Change in business carbon footprint (excl. losses) from last year	%	36%	-25%	-35%	98%	-23%	19%
	Change in business carbon footprint (incl. losses) from last year	%	0%	-18%	19%	-5%	-0.26%	-23.90%
	Change in SF ₆ emissions from last year	%	51%	-32%	-45%	141%	-28%	23%
	Low Carbon Generation Connections made this year	MW	139	186	534	98	50	911
	Investment in innovation supporting decarbonisation	£m	0.25	2.8	2.6	2.9	3.5	2.7
	Waste diverted from landfill	%	46%	98%	93%	98%	98%	98%
	Community Net Zero Carbon workshops delivered since November 2022	Number	N/A	N/A	16	16	16	32
	Net Zero Fund awards (cumulative)	£	N/A	N/A	N/A	N/A	£3.7m	£3.1m
	Gender pay gap	%	20.06%	16.33%	16.50%	14.79%	14.79%	12.30%
	Suppliers progressing towards enhanced environmental standards	%	N/A	N/A	47%	71%	78%	84%
	Percentage of suppliers (by value) that have their own sustainability metrics or KPIs (SBT)	%	N/A	N/A	57%	66%	59%	62%
Achieving the Sustainability Step Change	Reportable environmental incidents	Number	0	3	2	2	2	2
	ISO14001:2015 Certification	Y/N	Yes	Yes	Yes	Yes	Yes	Yes
	Training Plan Delivery	Completion %	N/A	94%	61%	98%	80%	96%
Sustainable Supply Chain	Stakeholder Engagement Plan Delivery	% of Engagement plan target	N/A	N/A	N/A	100%	100%	100%
	Percentage of suppliers (by value) meeting licensee’s supplier code	%	N/A	N/A	47%	71%	78%	84%
	Percentage of suppliers (by value) that have their own sustainability metrics or KPIs (SBT)	%	N/A	N/A	57%	66%	59%	62%

Performance Tables (cont.)

Report Section	Metric	Units	Baseline Year 2018/19	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26
Connecting Low Carbon Generation	New low carbon generation connections	MW	n/a	186	534	98	50	911
	Low carbon share of generation	%	n/a	88.50%	89.50%	90.50%	90.60%	91.9%
	Average time to issue connection offer	Days	n/a	69	74	71	67	67
	Connection offers accepted	Number	n/a	74	219	220	417	388
	Quality of Connections ODI score	Score (1-10)	n/a	8.3	8.2	8.3	8.9	9.2
	Quality of Connections ODI target	Score (1-10)	n/a	8.3	8.4	8.6	8.8	8.9
Innovation	Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment	£m	0.25	2.76	2.62	2.89	3.52	2.73
Business Carbon Footprint	Scope 1 - Operational Transport	tCO ₂ e	433	518	584	558	631	763
	Scope 1 - Fugitive emissions - SF ₆	tCO ₂ e	19,184	12,085	6,703	16,180	11,699	14,419
	Scope 1 - Fugitive emissions - HVAC	tCO ₂ e	0	170	2	0	0	29
	Scope 1 - Fuel combustion	tCO ₂ e	0	9	100	29	21	3
	Scope 1 - Building energy use - Gas	tCO ₂ e	21	47	45	59	64	41
	Scope 2 - Building energy use - Building Electricity	tCO ₂ e	540	92	57	0	0	0
	Scope 2 - Building energy use - Substation Electricity	tCO ₂ e	1,439	1,505	1,849	1,653	1,878	1,758
	Scope 2 - Electricity losses	tCO ₂ e	202,371	132,554	165,625	148,177	151,939	109,488
	Total BCF excluding losses	tCO ₂ e	21,617	14,425	9,340	18,481	14,294	17,014
	Total BCF including losses	tCO ₂ e	223,988	146,979	174,966	166,658	166,233	126,502

Performance Tables (cont.)

Report Section	Metric	Units	Baseline Year 2018/19	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26
Fugitive Emissions	Total IIG emissions	tCO ₂ e	20,103	12,196	12,145	16,291	12,097	14,667
	SF ₆ emissions	tCO ₂ e	20,103	12,196	6,839	16,291	12,097	14,667
	Other (G3) emissions	tCO ₂ e	0	0	5,306	0	0	0
	Leakage rate	%	0.86%	0.45%	0.23%	0.54%	0.39%	0.47%
	Interventions per annum	Number	0	0	0	0	0	0
	Estimated impact of interventions	tCO ₂ e avoided/ abated	0	0	0	0	0	0
Network Losses	Electricity losses	tCO ₂ e	202,371	132,554	165,625	148,177	151,939	109,488
	Annual losses	TWh	0.72	0.637	0.856	0.716	0.734	0.619
	Share of total electricity	%	n/a	1.75%	2.39%	2.09%	2.02%	1.66%
Oil Top Ups	Oil in service (transformers)	litres	n/a	8,516,712	8,525,310	15,980,362	17,024,101	17,138,297
	Oil in service (FFCs)	litres	n/a	268,000	268,000	268,000	268,000	262,492
	Oil in service (total)	litres	n/a	8,784,712	8,793,310	16,248,362	17,292,101	17,400,789
	Cable oil top ups	litres	n/a	3,307	5,805	38,728	4,573	14,583
	Transformer oil top ups	litres	n/a	34,375	22,553	23,329	21,985	23,240

Performance Tables (cont.)

Report Section	Metric	Units	Baseline Year 2018/19	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26
Circular Economy	Reduce	Tonnes (thousands)	0.0	0.0	0.0	0.0	0.0	0.0
	Reused	Tonnes (thousands)	0.0	61.6	19.8	47.7	211.4	148.0
	Recycled	Tonnes (thousands)	44.2	28.4	3.4	3.0	27.9	42.2
	Recovery	Tonnes (thousands)	0.0	0.4	0.5	0.8	8.9	31.3
	Landfill	Tonnes (thousands)	51.0	1.9	1.8	1.0	5.3	3.8
	Total tonnes of waste	Tonnes (thousands)	95.2	92.3	25.4	52.5	253.5	225.3
	Total weight of waste produced - Reduce	%	0.0%	0.00%	0.0%	0.0%	0.0%	0.0%
	Total weight of waste produced - Reused	%	0.0%	66.74%	77.7%	90.8%	83.4%	65.7%
	Total weight of waste produced - Recycled	%	46.4%	30.73%	13.4%	5.7%	11.0%	18.7%
	Total weight of waste produced - Recovery	%	0.0%	0.43%	2.0%	1.5%	3.5%	13.9%
	Total weight of waste produced - Landfill	%	53.6%	2.11%	6.9%	2.0%	2.1%	1.7%
	Total % of waste diverted from landfill	%	46.4%	97.9%	93.1%	98.0%	97.9%	98.3%

Appendix A – Embodied Carbon Methodology

This supporting Annex outlines the calculation methodology used to estimated embodied carbon for the purposes of our RIIO-T2 Annual Environmental Report.

Embodied carbon of major civil works and electrical assets was calculated using the data at final design stage. Quantities of materials and electrical assets were collected from the Bill of Quantities and Balance of Plant documents.

Various databases were used to calculate the A1-A3 emissions of our main materials: Electrical Assets, Cables, Concrete, Steel, Aggregate/earthworks, Timber and Roads. This included the CAT database (shared Transmission operator database), ICE, Government conversion factors, Oneclick LCA.

For the materials that did not fit into one of these main categories or were unable to locate a carbon factor for were estimated on a Cost basis. An average cost per kgCO₂e was established from our ‘Sustainable Substation’ analysis that calculated average emissions for a substation build. This accounted for 10% of the total emissions.

A4 emissions were estimated by assigning transport modes and transport distances for each modelled material. These were estimated values and assume either a local, regional, national or international location of origin

Next steps

Only the ‘Final design’ stage has been calculated. As detailed in the report through our progress on PAS2080 we will look to incorporate emissions measurement at both ‘Initial design’ and ‘As built’ stages in the remaining T2 period. Furthermore, we are trialling a number of different embodied carbon reporting tools in order to standardise and expand on the number of projects we can measure.



Appendix B - Eastern Green Link 1

Eastern Green Link 1 (EGL1) is a two-gigawatt high-voltage direct current (HVDC) connection being built between Torness in East Lothian and Hawthorn Pit in County Durham. Developed as a joint venture (JV) between SP Energy Networks and National Grid Electricity Transmission, this multi-billion-pound project aims to enhance the UK's ability to transport clean energy from Scotland's renewable resources. Its multi-directional design will also improve the resilience of the UK's transmission networks.

The works to construct EGL1 started in March 2025, with the goal of becoming operational by 2029. Once complete, EGL1 have the capacity to deliver enough electricity for two million homes.

Project Sustainability Strategy

EGL1 has identified six priority sustainability areas where it can have the greatest impact and influence, informed by stakeholder engagement and aligned with established transmission business commitments. The table below sets out the project's ambitions and performance against each priority area.

Priority Areas	Commitment	BRAG
Carbon Management and Reduction	We will embed circular economy principles where relevant throughout our business processes, considering whole life cycle environmental impacts.	G
Resource Efficiency	We will divert 95% of our waste from landfill.	G
Biodiversity Net Gain	As part of our revision of design processes, we will include considerations of operational and end of life stages with the aim of designing out waste.*	G
Ethical Labour	We will require project Waste Management Plans for all new projects in RIIO-T2 and beyond.	B
Social Value	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-T2.	G
Sustainable Procurement	We will set targets for recycled/reused materials as a % of total input materials to be achieved by end RIIO-T2, 2030 and 2050.	G
Sustainable construction	We will continue our work to minimise the environmental impacts of our use of aggregates (soils and stones) via collaboration with other TOs, our supply chain and membership on infrastructure resource optimisation groups** with the aim of identifying and implementing solutions to reduce the use and disposal of aggregates, including increased use of secondary aggregates.	G



Appendix B - Eastern Green Link 1 (cont.)

2025/26 Performance

This report presents SP Energy Networks' performance on the EGLI project during the 2025/26 reporting period. Performance data reflects the project as a whole and has been provided by the lead contractors. Contractor monthly data has been tracked, reviewed, queried and checked for gaps and anomalies by the EGLI Environmental Advisor. Energy Networks has supplemented this with narrative and case studies specific to the Torness site and neighbouring communities.

Strong progress has been made across all areas of the Project Sustainability Ambitions, with key sustainability management processes established and embedded throughout the project and supply chain. These include PAS 2080-compliant carbon management, BREEAM Infrastructure assessments, Contractor Sustainability Performance Requirements and enhanced environmental governance arrangements.

Significant milestones achieved during the year include the implementation of low-carbon fuel initiatives, the achievement of zero waste to landfill, the launch of the £10 million Carbon Innovation Fund and the continued development of biodiversity, social value and community benefit programmes. Overall, performance remains on track against all strategic sustainability ambitions, with the Ethical Labour commitment fully achieved and positive progress evident across the remaining priority areas.

Carbon Management and Reduction

Lead contractors have developed and are delivering PAS 2080:2023 compliant Carbon Management Plans. This provides assurance that carbon impacts are being

systematically managed and reduced in line with industry best practice.

The Lead supplier for convertors has set the following targets:

- 5% Carbon reduction against a business-as usual scenario across the entire scope of works
- Minimum 20% reduction in embodied carbon associated with construction materials
- At least 8.7%. reduction in embodied carbon associated with transformers and valves
- The Lead supplier for cables has set the following target:
- 33% Carbon reduction against the tender baseline

Carbon Innovation Fund

Recognising the ambitious sustainability aspirations of EGLI, Ofgem has approved a £10 million Carbon Innovation Fund (CIF). The funding acknowledges the pace and scale of EGLI, the competitive nature of the supply chain, and the importance of ensuring that major infrastructure projects create a lasting positive legacy in the communities and environments in which they operate.

The CIF is intended to drive transformative change across EGLI by supporting the development, trial and deployment of innovative technologies, processes and solutions that would not otherwise be delivered through conventional project activities. Funding applications opened in 2025, Round 1 applications will be reviewed by a panel of EGLI subject matter experts in summer 2026, before recommendations are presented to the EGLI Board, which will make the final funding decisions.

Carbon performance

Fuel use

Lead suppliers have introduced biofuel in 2025/26 to partially offset diesel usage. Monthly reporting indicates that biofuel usage is on an upward trajectory demonstrating improved supply chain integration of low-carbon fuels.

Fuel	Litres	%
Diesel	810,818	67%
Marine Diesel	308,425	26%
HVO	54,870	5%
Petrol	28,476	2%
Total	1,202,589	100%

Onsite Electricity

Mains electricity has been introduced across the project and was first supplied in July 2025. Onsite renewable energy has been provided through solar-diesel hybrid generators. This transition is helping to decrease operational carbon emissions, improve energy efficiency and reduce exposure to fuel-related costs and risks. We continue to work with contractors to further reduce onsite diesel consumption and maximise the use of lower-carbon energy sources.

Electricity Source	kWh	%
Mains connection	53,228	99%
Onsite renewable generation	412	1%
Total	53,640	100%

Scope 3 purchased goods

EGLI scope 3 for both transmission owners equates to **63,966tCO₂e** in the reporting year. SP Energy Networks scope 3 emissions are calculated on a spend-based methodology.

Case study - Sustainable Site Solutions >



Case study - Sustainable Site Solutions

Prysmian, EGLI cable contractor, has implemented a range of sustainable solutions to reduce carbon emissions, improve resource efficiency and minimise the environmental impact of site compounds.

A key innovation has been the deployment of a hybrid Solartainer, combining solar power generation with HVO-fuelled backup power. The Solartainer directly supplies renewable electricity to site welfare units, reducing reliance on grid electricity and traditional generators. Since October 2025, the unit has generated 2,277 kWh of renewable solar energy, contributing to lower fuel consumption and reduced carbon emissions.

To enhance security while reducing operational energy demand, the site has installed solar-powered Perimeter Intruder Detection (PID) systems. These systems provide real-time alerts of unauthorised access, helping to prevent theft and security breaches without requiring a conventional power supply.

Further initiatives have delivered additional environmental benefits. Since February 2025, on-site catering facilities have reduced the need for workforce journeys off-site for food, saving an estimated 10 tCO₂e through reduced travel. Comprehensive waste segregation stations have also been established across the compound, increasing opportunities for recycling and waste recovery while minimising waste sent to landfill.

The site has also reduced embodied carbon by avoiding the tarmacking of the 4,000 m² satellite compound, reducing material use and associated emissions. Additional sustainability measures include the use of temporary HVO generators, waterless urinals to reduce water consumption, and welfare facilities achieving an EPC B rating.

Together, these initiatives demonstrate EGLI and cable contractor Prysmian’s commitment to delivering practical, measurable sustainability improvements while maintaining safe and efficient site operations.



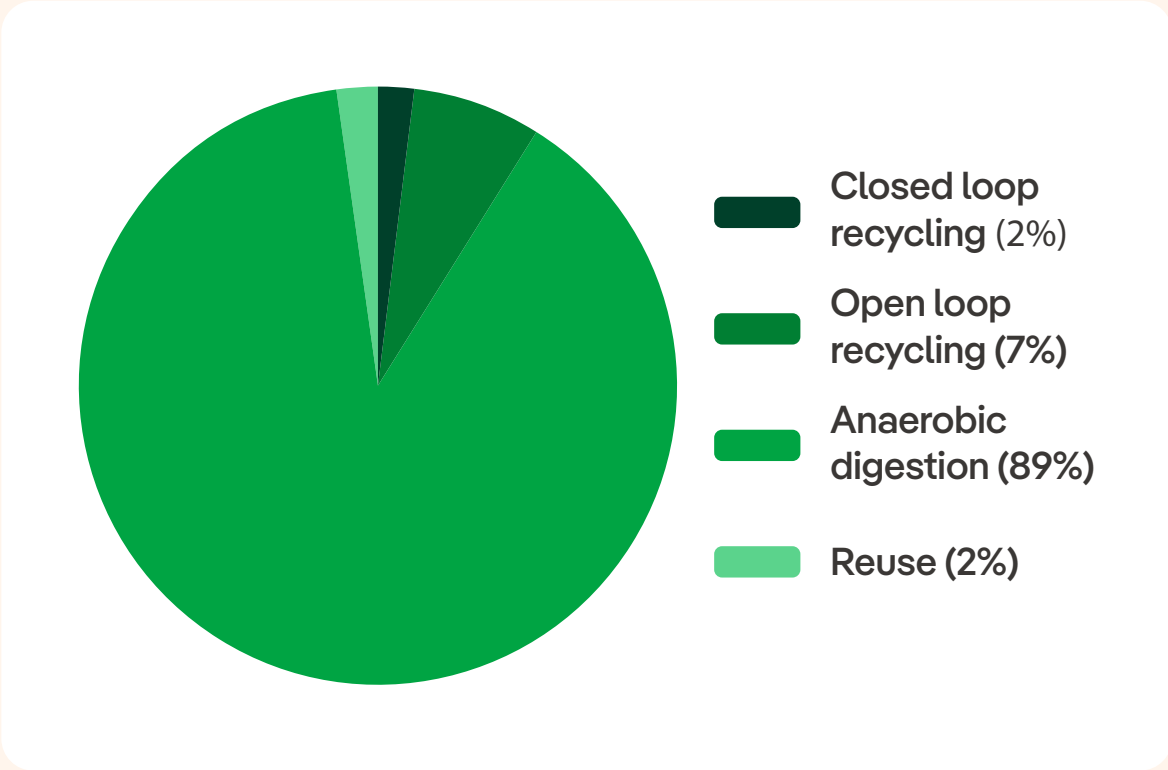
Appendix B - Eastern Green Link 1 (cont.)

Resource Efficiency

By prioritising reuse, recycling and resource recovery, the project is achieving impressive circular economy outcomes. 89% of biodegradable waste was diverted to anaerobic digestion, 9% of waste was recycled, and 2% was reused. This helps maximise the value of materials while minimising environmental impact.

Resource Efficiency Performance

Waste Generated	Tonnes
Closed loop recycling	381.4
Open loop recycling	1421.3
Energy Recovery	8.7
Anaerobic digestion	17510.4
Reuse	359
Landfill	0.1
Total Tonnes of Waste	19680.9



Biodiversity Net Gain

The EGL1 project will deliver transformative terrestrial onsite landscaping and environmental mitigation measures designed not only to reinstate the land following construction, but also to provide significant biodiversity enhancements. At the Torness site, the landscape proposals include the establishment of native broadleaved woodland and hedgerow as well as creation of lowland meadow to create a diverse ecological network that will support a wide range of wildlife and contribute to long-term ecosystem resilience.

In addition to these onsite measures, EGL1 is committed to delivering off-site biodiversity initiatives through partnership with local environmental organisations. These collaborations will achieve the 10% biodiversity net gain target and enhance nature at a wider landscape scale. This commitment demonstrates the project's ambition to go above and beyond planning and regulatory requirements, delivering lasting environmental benefits and creating positive outcomes for nature and local communities.

Safeguarding the Environment

Environmental protection is embedded throughout project delivery. Findings from pre-construction surveys are integrated into live construction management plans, which are regularly reviewed, updated and independently audited to ensure they remain effective. Where relevant, all active work sites are subject to pre-start ecological checks, supported by daily and weekly inspections by both Client and Contractor teams. A strong collaborative culture promotes the sharing of best practice and lessons learned, helping to drive continuous improvement and maintain consistently high standards of environmental mitigation across the project.

Number of incidents	Description
1	Damage/ destruction of birds nest (with eggs) during stonewall removal using excavator. ECoW in attendance to supervise works but checks did not initially identify that a nest was present.

Social Value

Over the past year, the project has delivered a wide range of social value activities. These include community projects, education programmes, and environmental initiatives.

Community Benefits

EGL1 was one of the first three electricity transmission projects in the UK to be given a dedicated Community Benefit Fund. The £8 million Fund will support local

communities in England and Scotland to deliver social, environmental and economic benefits. The fund will be split evenly between the two regions.

Community Benefit Fund Scotland

The EGL1 Community Benefit Fund will invest £4 million across the Scottish section of the project to support initiatives that enhance financial resilience, educational inclusion, employability and skills development, social and digital inclusion, health and wellbeing, community facilities, green spaces, access to the natural environment and sustainable transport.

Community consultation is ongoing to help shape funding decisions. The fund will be delivered through two streams: 80% allocated to Strategic Partnership Projects focused on community priorities within the East Lamermuir Community Council area and 20% distributed through a Local Fund across Cockburnspath and Cove, Dunbar, East Lamermuir and West Barns. The first round of funds will be allocated by the end of 2026.

Education/STEM

EGL1 has continued to support education, skills development and future career pathways within local communities, working with six schools to deliver a range of engagement activities including site visits, mock interviews, speed networking sessions and employability workshops. These initiatives have helped students develop key skills while increasing awareness of careers in construction, engineering and related

Case study - Circular Steel Foundations at Torness

Challenge: Reduce the embodied carbon associated with foundation works, where traditional piling solutions typically rely on carbon-intensive virgin steel or concrete.

Solution: Repurposed steel tubulars from North Sea oil and gas pipelines were used for piling works on the Torness site instead of traditional virgin steel piles.

Outcome: Reusing steel tubulars instead of manufacturing new piles greatly reduces carbon emissions. The embodied carbon of the repurposed tubulars was almost 99% lower than a comparable virgin steel pile product.

Case study - Volunteering for Nature

Working alongside the Edinburgh and Lothians Greenspace Trust, Prysmian and supply chain colleagues dedicated 35 volunteer hours to biodiversity conservation and footpath maintenance at Gifford Community Woodland in East Lothian. Their efforts helped preserve this valuable natural habitat, improving access and supporting local biodiversity.



Case study - Environmental Incident and Lessons learned

During the North cable works, an environmental incident occurred involving damage to a Red-legged Partridge nest containing eggs. An Environmental Clerk of Works was present to supervise the activity; however, initial ecological checks did not identify the presence of the nest. A robust lessons learned process was immediately initiated and a number of preventative measures were implemented to reduce the risk of similar incidents occurring in the future, including:

- Revision and enhancement of the pre-ecology check process, including the introduction of detailed ecological constraints maps for each plot
- More proactive and frequent vegetation management along the cable route to deter birds from nesting within active work areas
- Updates to Contractor Risk Assessments and Method Statements (RAMS) to reflect these measures, supported by refresher toolbox talks for operational staff

These actions have strengthened ecological risk management across the project and reinforced awareness of environmental responsibilities among site teams, helping to safeguard protected species and habitats during construction activities.

Case study - Community workshops

Funded by the EGLI project, a series of community workshops was delivered to identify projects and initiatives that will support the delivery of community benefits. Building on the priorities identified through the East Lammermuir Local Place Plan, the workshops brought together residents, community groups, local authorities, energy developers, transmission owners and subject matter experts to explore practical solutions to local challenges and opportunities.

The workshops focused on four key themes: energy efficiency, active travel, biodiversity and community transport. Facilitated by organisations including Energy Saving Trust, Walking Scotland and East Lothian Climate Hub, participants worked together to identify potential projects that could deliver meaningful benefits for both people and the environment. The resulting recommendations are helping to shape future investment decisions and guide the allocation of EGLI community benefit funding, while also identifying opportunities to attract additional funding and partnership support. By placing local priorities at the heart of the process, the workshops have created a strong foundation for delivering long-term social, environmental and economic benefits across the local community.



Appendix B - Eastern Green Link 1 (cont.)

sectors. The project has also continued to promote STEM Ambassador engagement to inspire future talent and highlight apprenticeship and career pathways.

In addition, EGLI and its principal contractors attended a careers event at Dunbar Grammar School. The event included activities focused on encouraging greater participation of women in STEM careers.

Volunteering

Creating positive social value is a key objective of the EGLI project, with both the project team and suppliers actively contributing to the communities and environments in which they operate. Through volunteering initiatives, employees are encouraged to use their time and skills to support local causes, strengthen community relationships and deliver lasting environmental benefits. Working collaboratively across the project and supply chain not only enhances the impact of these activities but also reinforces a shared commitment to responsible business practices and leaving a positive legacy beyond the project's core construction activities.

Sustainable Procurement

A key priority has been the development of robust reporting tools and the establishment of clear sustainability requirements for contractors. This has been achieved through the implementation of the Contractor Sustainability Performance Requirements (CSPR). In addition, regular Sustainability and Environment meetings have been established with lead contractors. These meetings not only monitor progress against the CSPR but also provide a platform to identify innovative opportunities and drive performance beyond the minimum contractual requirements.

All lead suppliers are members of the Supply Chain Sustainability School, with one supplier having achieved bronze status. This supports the development of sustainability knowledge and skills across the supply chain, helping to embed best practice and drive continuous improvement.

Sustainable Construction

BREEAM Infrastructure is used on the project to provide an independent and recognised framework for assessing, managing and improving sustainability performance throughout design and construction. It helps ensure that environmental, social and economic sustainability considerations are embedded in decision-making, driving best practice, identifying opportunities for continuous improvement and providing assurance to stakeholders that sustainability commitments are being delivered in a robust and measurable way.

The converter station lead supplier's BREEAM Infrastructure pre-assessment achieved a projected score of 74.89% (Very Good), while the cable lead supplier achieved a projected score of 68.18% (Very Good). Achieving a Very Good rating across both workstreams demonstrates strong sustainability performance and provides a clear framework for identifying further opportunities for improvement as the project progresses.

Conclusion

The 2025/26 reporting year has seen strong progress across all areas of the EGLI Sustainability Ambitions, with responsible environmental, social and governance practices embedded throughout project planning, procurement and construction. Key achievements include the implementation of PAS 2080 carbon management, the introduction of low-carbon energy solutions, zero waste to landfill, positive BREEAM Infrastructure performance, and the continued delivery of biodiversity and social value initiatives.

As the project progresses, EGLI remains on track to achieve its ambitions and is well positioned to deliver lasting environmental, social and economic benefits alongside the critical infrastructure needed to support the UK's transition to a low-carbon energy future.



Case study - Empowering Young People in East Lothian

theSPACE Scotland, a youth organisation based in Dunbar, received £1,400 in funding from EGLI contractors Metlen and Ground Developments Ltd to support youth development initiatives across East Lothian.

The funding enabled local young people to refurbish a box trailer and transform it into a mobile community hub. Through the project, participants gained practical skills in construction, repairs, electrics and decorating, while building confidence and a sense of ownership. The trailer is now being used at community events, including Fringe by the Sea, and will help generate income to support the organisation's future work.

Funding also supported staff training to deliver the SQA Mountain Bike Skills Level 5 qualification and enhance cycling opportunities for young people. This will allow theSPACE Scotland to introduce the qualification at Dunbar Grammar School and expand delivery across East Lothian, helping more young people gain accredited skills and improve their wellbeing through outdoor learning.



Case study - World Environment Day beach clean-ups

To mark World Environment Day 2025 and support the theme "Beating Plastic Pollution", colleagues from across the EGLI project came together to take part in community beach clean-up events in North Berwick and Thorntonloch Beach, Dunbar. The initiative brought together employees from EGLI and its supply chain, including Metlen, Prysmian, Brown & May Marine and Glenturas, demonstrating a shared commitment to protecting the local environment and giving back to the communities in which we work.

Despite challenging coastal conditions, a total of 25 volunteers dedicated their time to removing litter and marine debris from the shoreline. In total, the team removed over 29 bags of waste from local beaches, helping to reduce the risk of pollution to marine habitats and wildlife while improving the local environment for residents and visitors. The events demonstrated how collaboration across the project and supply chain can deliver positive environmental outcomes beyond the construction footprint, while reinforcing the project's commitment to environmental stewardship and community engagement.



