



Social Contract Strategy

December 2021

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How this strategy impacts other areas of our plan

Our focus is to achieve the best possible positive outcomes for our customers, by utilising innovative solutions and smarter working practices to drive efficiency in all we do. This strategy forms part of a suite of wide ranging, ambitious and interconnected strategies that we will be implemented in RIIO-ED2. Each one is designed to contribute towards the delivery of the same four overarching strategic outcomes we will achieve for customers:



1. Sustainability

Lead the drive to net zero as early as possible.



2. Connectability

Customers can easily connect their electric vehicles, heat pumps and renewable generation.



3. Vulnerability

First class vulnerable customer support programme where everyone benefits in a smart future.



4. Affordability

Maintain excellent customer service, safety and network performance and transform the energy grid for future generations, while keeping bills broadly flat.

Each of our strategies is embedded across our operations and never delivered in silos. This will lead to joined up delivery, utilise opportunities to share knowledge and expertise across WPD teams, and achieve maximum benefits for customers. By doing so we will ensure each of our strategies has a far reaching impact and identifies opportunities to improve our service, performance and efficiency in every possible area of our business. Our strategies are therefore highly interrelated and co-dependent.

The following table provides a snapshot of some of the extensive impacts of this Social Contract Strategy, and signposts to other areas of our plan upon which its successful delivery will be dependent.

Strategy	Reference within the strategy:		
Climate Resilience	-	-	-
Customer Vulnerability	✓	Providing funding for a wide range of community initiatives and an employee volunteering programme, specially benefiting vulnerable communities	Page 21
Destination Net Zero: Business Innovation and Efficiency	-	-	-
Digitalisation Strategy and Action Plan	-	-	-
DSO	-	-	-
Environment & Environmental Action Plan	✓	Environmental stewardship - volunteering days for environmental activities and funding for low carbon initiatives	Page 21 and 24
Innovation	✓	Innovating to meet societal challenges and maximising the social value generated by our initiatives	Page 10
Major Connections	✓	Introducing community energy engineers to support the development of new innovative connection schemes	Page 28
Network Visibility	-	-	-
Net Zero Communities	✓	Providing greater support for community energy schemes to enable them to connect to the network more easily and to participate in a range of flexibility and smart energy services	Page 29
Social Contract			
Whole Systems	-	-	-
Workforce Resilience	✓	Achieving gold Investors in People accreditation by demonstrating exceptional and embedded employment practices, including staff becoming STEM ambassadors	Page 16 and 21

Introduction from WPD's CEO

At WPD we deliver an essential public service. We know that a safe and reliable supply of energy is integral to the daily lives of the millions of people we serve, and as we look to the future and the need for the UK to dramatically reduce its carbon emissions, we recognise that we have a vital role in driving this change.

As well as keeping the lights on, we take our commitment to support the diverse communities we serve very seriously. Our 6,500 strong workforce live and work in these same communities. As the largest Distribution Network Operator (DNO) in the UK, spanning a third of the country, we are determined to be a force for good, by delivering social value and acting as a responsible corporate citizen.

We have heard a clear message from our customers and stakeholders – whilst they remain focused on *what* we do they are also focussed on *how* we deliver these services. They want to be assured that WPD will operate in a way that achieves sustained, positive social and environmental impact – ranging from steps to improve the diversity of our workforce, to transparency over our financing and profits, to initiatives to support the specific needs of local communities.

I am proud that WPD is the first DNO to develop a Social Contract. It will ensure we deliver enduring, long term support to our communities and further embed customer vulnerability across our operations. Created in collaboration with stakeholders, the Social Contract sets out our ambitions to generate wider social and environmental impact, drive a green recovery from the Covid-19 pandemic and facilitate a fair and inclusive transition to achieve net zero carbon emissions as soon as possible.

For me as CEO, many of these actions are building on what we do already. I have always been clear that WPD has a 'Social Contract' with our communities and employees in the form of our purpose: to deliver exceptional service to customers and support the environmental and social wellbeing of the communities we serve through our commitment to 'power for life, power for future generations'. As a company, we have been delivering on these principles for many years.

However, this document is the first time we have consolidated and formalised our efforts within a single strategy. It will provide a framework for ongoing responsible business practice that enables WPD to demonstrate the delivery of our purpose.

We have a responsibility to demonstrate to stakeholders our positive contribution to society, with transparency about what we do and the way we do it – after all, customers pay for everything we do. The last few years, in which events on a global scale have sometimes disrupted social and environmental priorities, have pushed all of us to reflect on where we are as a company, and our vision for the future. The way that we respond to Covid-19 and climate change in particular, will have an enduring impact for generations to come. Our actions must benefit and not disadvantage our communities.

We have identified three key focus areas where WPD can deliver the greatest impact: "Employer of Choice", "Empowered Communities" and "Environmental Steward". Within this framework, we are setting out 36 new and continuing commitments that generate benefits for our environment, employees and local communities. In our first annual action plan, you will see how we intend to deliver this, not just theoretically, but through tangible actions that support the levelling up agenda, bolster local good causes and assist community energy groups to deliver net zero.

I am confident that this approach will make WPD a better organisation – for our customers and colleagues – contributing to a more prosperous future for all.



Phil Swift, WPD Chief Executive

36 key commitments, including:



Net zero
carbon
organisation
by 2028.



£1 million
annual
shareholder-funded
support for our
communities.



1,000
employee volunteer
days each year.



Apprentices
recruited with academic
barriers removed.



60
annual community energy
surgeries to support
local groups.



Gold
Investors in People
Accreditation
by 2028.

Part 1: The case for a Social Contract



What is a Social Contract, and why is it important?

At Western Power Distribution (WPD), we are committed to being a good corporate citizen, delivering social and environmental value for our employees, customers and wider society.

This is enshrined in our purpose – to provide exceptional service to customers and support the environmental and social wellbeing of the communities we serve through our commitment to deliver: ‘power for life, power for future generations’.



The landscape in which we operate has undergone a dramatic shift over the last decade. As utilities face questions about profits, corporate governance and their ‘sustainable licence to operate’, it is crucial that we continue to build enduring relationships with our local communities, fostering trust in the service we provide and the way we provide it. This means not only complying with our regulatory obligations, but demonstrating our contribution to society more broadly and identifying where we can go further to deliver the greatest impact.

In a year like no other, the need to support the environmental and social wellbeing of the communities we serve has gained new urgency. The Covid-19 pandemic has caused dramatic disruption for many, illuminating the impact such events can have on vulnerable members of society. Simultaneously, the impacts of climate change globally have intensified the drive to achieve a sustainable future for all. We recognise that we have an important role to play in tackling these challenges.

A new approach is needed to address the compounding challenges of inequality, digitalisation, climate change and the changing nature of work. In this context, companies are more essential than ever in developing the current and future workforce, fostering resilient communities and addressing environmental challenges.

WPD’s Social Contract is not a silver bullet, but it is a promise to actively listen to our employees and communities and act with integrity, contributing positive solutions to the social and environmental problems they face. Providing a transparent mechanism for the delivery and reporting of initiatives that generate wider value for society, it fosters accountability through a rigorous process of engagement, review and improvement. Failing to achieve the targets set will have reputational consequences, undermining our mission to continue to build trust with customers. It is integral to our stakeholders that we continue an open dialogue with them as we deliver our Social Contract, acknowledging successful and unsuccessful approaches and engaging frequently to ensure progress.

We do not expect there to be a ‘one size fits all’ solution; instead, the Social Contract formalises WPD’s commitment to deliver our purpose in a way that can be tailored at a local level to meet the bespoke ambitions of different areas, and provides a mechanism for maximising the positive impact of everything we do as a company. To ensure these promises are meaningful and impactful, the Social Contract is a ‘living document’ defined by ongoing engagement and improvement to meet the evolving needs of our communities.

In this Social Contract, we take stock of the extensive portfolio of existing initiatives undertaken by WPD, building on our core purpose with a comprehensive strategy that centres on best-in-class employment practices, community empowerment and environmental stewardship. These are not three distinct areas, but rather interconnected themes that reinforce one another.

¹ https://www.sustainabilityfirst.org.uk/images/publications/fair_for_the_future/Fair_for_the_Future_Project_How_2_Guide_FINAL1.pdf

Purpose, values and culture

WPD is a purpose led organisation; delivering ‘power for life, power for future generations’, we recognise that we have an important role to play, not just to provide outstanding service to customers and keep the lights on, but to do business in a way that supports the wellbeing of people and the planet. The way in which we deliver this is always changing and evolving, but our purpose remains the same.

While our Business Plan sets out what we will do over the next five year regulatory period, our Social Contract outlines how WPD will act as a good corporate citizen throughout everything we do as a company. The Social Contract therefore simultaneously underpins, and builds on, what we set out in our Business Plan, by outlining the purpose that guides our actions, as well as initiatives that go over and above to generate wider social impact.

To achieve this, the Social Contract has been shaped by our values. These values, listed below, are the core of our business and support everything we do, enabling WPD employees to act in a socially responsible way and ensuring all decisions are guided by our shared purpose.



Safety and health:

We never compromise on safety - we want everyone to return home from work safe and well.



Citizenship:

We play an active role in the communities we serve, working to achieve positive social benefits.



Customer first:

We seek to deliver a gold standard of service for customers first time, every time.



Our staff:

We want our staff to be proud to work for WPD and share our vision and values.



Integrity and openness:

Delivering a fair service for all with transparent reporting.



Environmental responsibility:

We act in a way that protects and preserves the environment.



Diversity and inclusion:

We value each other and appreciate our differences.



Performance excellence:

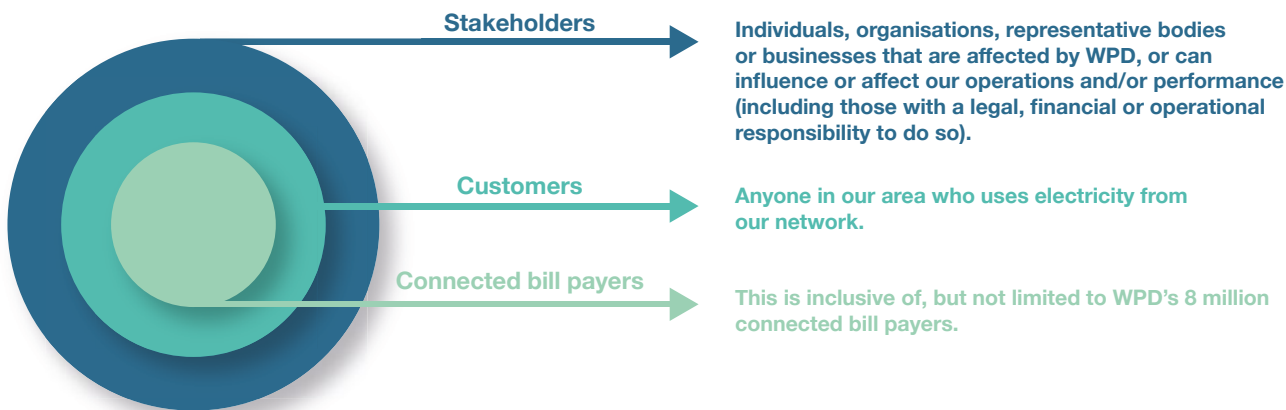
We deliver results, never rest on our laurels and always seek further improvement.

Likewise, our company culture is enduring; to do the right thing, be accountable for our actions and always embody the values of WPD. The Social Contract outlines what we believe is ‘the right thing’ and how we will ‘do’ it to have the greatest positive impact on society.

Part 1: The case for a Social Contract

The development of the Social Contract

At WPD, engagement is not simply a case of aligning our interests with those of our stakeholders. Rather, it is a process of co-creation that ensures our strategies are built by our stakeholders, for our stakeholders.

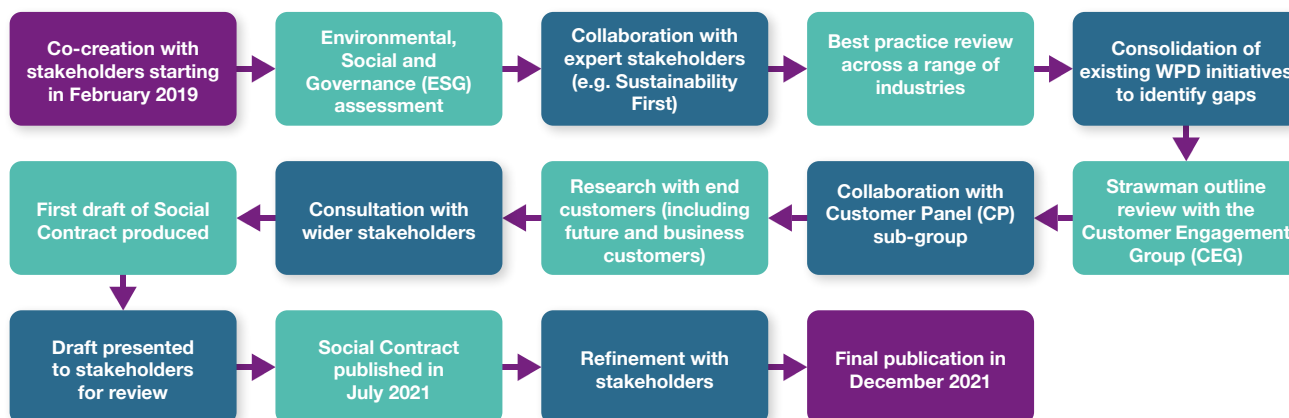


Our stakeholders made it clear that they expect more than the basic service of reliable supply at a reasonable price; WPD must demonstrate its legitimacy, both as an excellent service provider, and as a good corporate citizen more widely. They encouraged the idea of a Social Contract to outline commitments to our customers that go above and beyond WPD's regulatory requirements and generate additional social value, identifying 15 key priorities:

Transparent reporting	Diverse, responsible employer	Legitimacy for the future	Support communities
Industry leading performance	Responsible and transparent board governance arrangements	Excellent environmental performance	A framework to engage local communities
Fair prices and returns/profits	Workforce welfare	Transparent mechanisms so customers can influence decisions	Local community investment
Clarity on tax affairs and dividend payments to shareholders	Workforce diversity	Innovation to meet societal challenges (as well as regulatory/ technological)	Community and environmental benefits
	Equal pay	Methods for measuring social values of activities	Positive outcomes for customers in vulnerable situations

We have delivered an iterative process to co-create our Social Contract with stakeholders, playing back what we have heard after each stage to check our understanding before updating our approach and retesting our proposals. At different stages of progression, therefore, we have engaged various groups, ranging from expert and interested stakeholders to end customers with little prior knowledge of WPD or the concept of a Social Contract.

The diagram below outlines the stages of development undertaken in collaboration with stakeholders to produce this Social Contract:



- WPD has collaborated with Sustainability First, a charity and think tank, in the 'Fair for the Future' project alongside a range of other utility companies. The initiative outlines a 'sustainable licence to operate' and has heavily influenced the development of WPD's Social Contract, providing an additional set of criteria against which our proposals have been assessed.
- Extensive benchmarking research has been conducted to establish best practice with regards to Environmental, Social and Governance (ESG) activities. This has enabled us to gauge how we are already performing and to identify areas for innovation and improvement.
- Working in collaboration with a sub-group of WPD's Customer Panel (CP)² has enabled us to further refine our approach, including outlining our delivery strategy and reporting metrics. Members drove key changes to the strategic framework and gave us assurance that the correct focus areas from our stakeholders' perspective were represented.
- We tested our proposals for the Social Contract with stakeholders at a series of regional workshops in November 2020 as well as a topic specific workshop in February 2021. They reviewed the insights of their peers and suggested additional commitments.
- Detailed engagement with our customers is often challenging, where a lack of starting knowledge can limit their ability to provide thorough feedback. However, these are the people WPD's Social Contract is aimed at; to build trust and legitimacy with our communities it was therefore vital to engage our customers and future bill payers to have their say on what our Social Contract should include. We adopted a new approach to seek their insights, developing the expertise of 96 customers over two months of weekly research exercises and deliberative discussions. The group, including domestic customers (across a range of ages and socio-economic groups) business customers and future bill payers, completed initial 'homework' tasks set via an online platform, which provided context to generate spontaneous insights. We then brought together small groups on Zoom, building their knowledge to provide informed feedback on specific areas of the Social Contract.

As we commence delivery, engagement is embedded in the contract's evaluation and review process (see page 10), ensuring we continue to capture the views of the communities we serve and achieve the best possible outcomes.

² The Customer Panel (CP) is an enduring, core element of our stakeholder engagement programme. 30 permanent members, from all key stakeholder segments, ensure the diverse needs of our communities are considered in our activities. The CP advise, evaluate and co-create solutions with us to drive better outcomes for customers.

Part 1: The case for a Social Contract

Strategy








The Social Contract consolidates the huge amount of work we already do, with new actions that seek to create a single, coherent social impact strategy. The proposed actions and key performance measures have been developed with business owners across different areas of the company, alongside stakeholders, within three key areas:

- I. Employer of choice
- II. Empowered communities
- III. Environmental steward

Our core purpose comprises activities that are inextricable from what we do as a business. These are areas in which stakeholders expect us to demonstrate excellent corporate social responsibility as a minimum. Our Social Contract builds on these core areas, providing a framework for the delivery of social, environmental and employee initiatives that surpass our licence obligations and generate wider social value. This framework, along with the delivery principles (see page 9) will therefore enable WPD teams to identify opportunities to generate additional value in new and existing initiatives, playing a key enabling role in achieving wider business commitments. Part 2 (see page 12) demonstrates how we are delivering our core purpose, and sets out how we plan to expand this through the Social Contract, to give back to our people, communities and environment.



Objectives

-  Provide a framework for the delivery of WPD's purpose.
-  Consolidate WPD's existing social and environmental impact initiatives with a strategic direction for the future, to deliver better outcomes for employees, communities and the environment.
-  Deliver the bespoke ambitions of local communities, with a flexible approach to creating social value.
-  Provide a mechanism for stakeholders to scrutinise, review and revise our social impact commitments and to hold WPD to account.
-  Ensure that employees, from Board Executives to field staff, are familiar with WPD's purpose and are engaged in its delivery.
-  Increase the transparency and communication of social and environmental initiatives undertaken by WPD.
-  Continue to build legitimacy and trust with our communities.

Delivery principles

Achieving the aims of the Social Contract is not only about the actions we deliver, but fundamentally, the way we act as a company. Based on the priorities of our stakeholders (outlined on page 6), we have identified five key principles which should guide the delivery of the Social Contract, and underpin our approach to good corporate citizenship more broadly:

Transparent

- Clarity on company governance and ethics.
- Impact measurement.
- Open source successes and failures for others to learn from.

Innovative

- Innovation to meet societal challenges and maximise the social value generated.
- Industry leading approaches that can be adopted by others.

Embedded

- Collaboration and partnerships to deliver the best possible outcomes.
- Purposeful leadership at every level.
- Consideration of the full impact of our operations.

Locally-specific

- Bespoke interventions developed with stakeholders to meet the needs of communities.
- Support community led initiatives, taking a 'bottom up' approach to social impact

Evolving

- React and adapt quickly to changing circumstances.
- Flexible to the challenges of the future.
- Continual engagement, review and improvement.

Part 1: The case for a Social Contract

Impact measurement and reporting

Over more than two years of engagement, our stakeholders have identified how the success of the Social Contract should be measured.



Our stakeholders' requirements included:

- Regular reporting.
- Key Performance Indicators (KPIs).
- External scrutiny.
- Recognised accreditations.
- Clear channels for customers to track progress and hold us to account.



So we are proposing:

A cycle of delivery, evaluation and improvement

- Internal evaluation with targets/metrics for each key action, developed with, and measured by, WPD business owners and stakeholders.
- Recognised external accreditations in line with the aims of the Social Contract.
- Annual assessment of our Environmental, Social and Governance (ESG) activities by an external organisation and, as a minimum, maintain our prime rating.
- Expert scrutiny of the actions delivered within the Social Contract, provided by WPD's Business Plan Delivery Challenge Group³ and CP.
- Social value research to capture the full extent of social value created by our initiatives and identify opportunities to increase efficiency and deliver even stronger benefits and outcomes for customers.
- An Annual Action Plan, highlighting feedback, new actions and improvements year on year. Part 3 of this document sets out our first Action Plan.

Transparent reporting is an integral component of the Social Contract. Stakeholders have asked us to ensure we remain honest and open about our performance, even when things do not go to plan. To enable others to replicate our approach and learn from our successes and failures, we will ensure clear, regular reporting on the Social Contract's progress by:

- Publishing updates through our employee communications channels, including regular features in our 'Powerlines' internal magazine.
- Engaging with employees through satisfaction surveys to generate feedback and insights.
- Engaging with stakeholders at our bi-annual workshops, Business Plan Delivery Challenge Group meetings and CP meetings.
- Reporting regularly on our Stakeholder Engagement Portal, sharing case studies of successful and unsuccessful approaches.
- Publishing an annual report to track our progress and an action plan for the following year, developed in collaboration with stakeholders.



Measuring social value

Social responsibility is at the heart of everything we do, and it is essential we deliver services that are valued by our customers. Central to achieving this is devising a robust way of measuring value. We have worked with other DNOs to develop a common methodology for measuring the social return on investment (SROI) delivered by our initiatives, consistent across all DNOs to allow straightforward assessment and comparison.

Importantly, we do not use the results of this research in isolation, or as a blank justification to include commitments in our Business Plan. Instead, this measure helps us to consider the relative priorities between action areas and to refine ambitions that deliver the most effective social value for our customers relative to the cost of delivery. It has enabled us to compare and contrast actions within different output categories and then to calibrate the scale of ambition and expenditure in line with customer feedback.

For example, where there are a range of options under consideration which all respond to stakeholders' qualitative feedback, a factor including very high social value may influence the scale of action we propose. This was the case for one of our Consumer Value Propositions (CVPs), in which we had initially proposed to install solar panels on community buildings.

While carrying out the quantification of social value, we realised that by focusing on schools, we could increase our impact by using the installed panels as a platform for Science, Technology, Engineering and Maths (STEM) education for schoolchildren. This also leverages on the experience we already have in carrying out education programmes in schools in our areas, making this proposition more valuable while also aligned to our strengths.

As part of our planning process, we have therefore assessed the social value of Business Plan commitments that will contribute to the delivery of our Social Contract. These actions, listed in the table below, give an indication of the value of social and environmental benefits generated, through investment in community led projects, staff volunteering, community energy and reducing our climate impact.

Valuation of key actions

Business Plan Commitment	Description	5 year gross present value - total	5 year gross present value - per customer	Benefits modelled
8	Actively support the expansion of green, renewable energy generation and help local communities to decarbonise and lower their bills, by connecting at least 30 community energy groups to the network each year. We will hold 60 community energy surgeries per year and providing a dedicated WPD community energy representative to assist with connection and flexibility offers.	£4.2 million	£0.53	Benefits associated with community energy groups: <ul style="list-style-type: none"> • Community shares. • Community benefit expenditure. • Jobs created.
10	Achieve net zero in our internal business carbon footprint by 2028 (excluding network losses) and follow a verified science based target of 1.5°C to limit the climate impact of our activities.	£93 million	£11.80	Valued using willingness to pay research.
23	Support and add significant value to our local communities via a 'Community Matters' social initiative associated with the smart energy transition, vulnerability, environment and sustainability. This will include a shareholder-funded annual £1m community support fund and 1,000 volunteer days per year for WPD staff to support local causes.	£21.6 million	£2.73	<ul style="list-style-type: none"> • An average benefit per pound spent was calculated based on benefits delivered through past grants and projects in the topics to be funded. • Value of volunteering days to society.
25	Build decarbonised communities and local energy schemes by providing £540,000 shareholder-funded support per year to install solar PV on schools in areas of high economic deprivation.	£22.8 million	£2.88	<ul style="list-style-type: none"> • Electricity savings from renewable generation and behavioural changes. • Reduction in carbon emissions generated.

Ongoing transparency

We will continue to measure the social value of our activities as we deliver actions within the Social Contract, helping us to measure the ongoing value generated and report transparently on our performance.

Part 2: Delivering our Social Contract

Employer of choice

Employees entering the workforce in 2021 can expect their working lives to extend far longer than that of their parents. Research indicates that adults today will not only have longer careers, but more varied ones; the next generation will be required to change jobs multiple times over a lifetime, as the drive to decarbonise the UK gains momentum and new skills and capabilities are needed to ensure the workforce is equipped to deliver the changes needed.

Furthermore, amidst the disruption of Covid-19, workforce mental health and wellbeing has taken on new importance, with many having experienced mental health challenges, illness or bereavement over the course of the pandemic. In this area, the Social Contract builds on the central tenets of WPD's Workforce Resilience Strategy, having a healthy, diverse and skilled workforce, to enable the delivery of wider initiatives that provide flexibility and support for our employees to thrive.

Our ambitions:



Reflect the diversity of our communities.



Ensure an inclusive culture, where all employees have equal opportunities to succeed.



Enrich the health and wellbeing of our workforce, enabling employees to be their best.



Develop the workforce of the future by investing in the personal and career development of our employees.



Core Purpose: Health and safety

The nature of distributing electricity can have severe health and safety implications. We promote a culture of safety; holding ourselves accountable for safe work behaviours, keeping records of accidents and near misses and working in partnership with our employees and unions to ensure an excellent safety culture at every level of the company.

In line with our core values, we already have extensive safety initiatives in place, including:

- Regular meetings between managers and staff representatives to discuss activities related to health and safety, plus a programme of staff surveys to better understand how employees experience health and safety at WPD.
- Digital safety solutions such as the provision of iPads and development of in-house Apps to provide staff with quick, easy access to important health and safety information at all times and to assist with the creation of risk assessments, near miss reporting, safety suggestions and equipment defects, lone working and various safety assurance checks.
- Distribution of an electronic monthly bulletin to raise awareness of health and safety topics for each month in support of an annual safety action plan and also to inform staff about recent incidents and relevant near miss reports to ensure learning from their investigations is shared.
- Collaboration with our contractors, who are expected to achieve the same high standard of health and safety as our WPD staff, in accordance with our Health and Safety Policy Statement.
- Provision of safety information and literature to members of the public and organisations in the communities that we serve, to help them better understand how to remain safe when they are in proximity to our electrical assets (see commitment 38 in our Business Plan).

Core Purpose: Diversity, equity and inclusion (DE&I)

At WPD, we value each other and appreciate our differences; diverse teams are more likely to question assumptions, develop innovative approaches and make better quality decisions, while individuals with a shared background or perspective are less likely to challenge one another to overcome traditional ways of thinking⁴. Furthermore, it is important to us that our workforce represents the network areas we operate in. Our employees are often best placed to understand and act on the needs of their own communities and as such, increasing the diversity of our workforce is an opportunity to better represent, and drive innovative solutions for, our communities.

Building on our proven policy, the benefits of expanding our DE&I activities are numerous. Not only does a diverse workforce foster creativity and innovation, it also determines an organisation's ability to attract, develop and retain the talent it needs. We have therefore developed a DE&I strategy, summarised below.

To promote DE&I in recruitment, we:

- Recruit, train and conduct performance reviews with employees in an objective, consistent and non-discriminatory manner based on work criteria.
- Advertise external job roles in a variety of places in order to attract as diverse a candidate pool as possible.
- Appointed a Diversity Champion within our recruitment team who drives our diversity and inclusion agenda, attends national events on best practice to recruit, support and retain diverse talent.
- Require all new employees to undertake DE&I awareness training during the induction process.
- Use an online Applicant Tracking System to anonymise applications and ensure recruitment and progression is based on merit.
- Train managers and team members who sit on interview panels to recognise and overcome unconscious bias, starting with a series of workshops with Women in Science and Engineering (WISE), Stonewall, The Advisory, Conciliation and Arbitration Service (ACAS) and Selwyn Blyth, to build a comprehensive understanding of bias in the workplace and provide managers with an essential toolkit to understand and facilitate better diversity and inclusion practices.
- Review our job vacancy advertisements to ensure the language is accessible. Candidates who require adjustments are offered the opportunity to apply with the assistance of our recruitment team, to ensure our application process is fair to all abilities.

Part 2: Delivering our Social Contract

To foster a diverse and inclusive workplace, we:

- Have updated our DE&I and anti-harassment policies and introduced the Respect Charter.
- Engage with an external provider (Stonewall) to facilitate LGBTQ+ allyship workshops to develop an understanding of LGBTQ+ identities and experiences and champion LGBTQ+ inclusion in the workplace.
- Explain the Gender Pay Gap reporting outputs, implementing an associated action plan.
- Form affiliations with appropriate organisations to improve our approach, including Women in Science and Engineering (WISE), the Institute of Electrical Technicians (Women's Branch), Disability Confident and Stonewall.
- Are partnered with the 10,000 Black Interns programme, a not-for-profit organisation, which endeavours to transform the prospects of young Black people in the UK by offering paid work experience, providing training and development opportunities, mentorship and sponsorship.
- Work with Change 100 to offer students/graduates with disabilities a paid summer placement with professional development and mentoring, with the aim of removing barriers in the workplace.
- Are committed to modifying structures and facilities, making reasonable adjustments to roles to accommodate people with disabilities.

To continue driving progress in this area, we will publish an annually updated DE&I Action Plan, driven by best practice and expertise from our partnerships and affiliations.



Key action: Publish an annually updated DE&I Action Plan.

Stakeholders want to see WPD improve the diversity of our workforce, so we will report annually on our current diversity across a range of underrepresented groups and measure our improvement. We will also engage with employees on a regular basis to measure satisfaction and the inclusiveness of our workplaces, tracking our progress.



Key action: Annually report and track progress on DE&I within our workforce.



Social Contract: Personal development

Stakeholders said: Going over and above for employees is about taking a person-centric approach and empowering employees to be their best, supporting development and equipping people for success.

Being a responsible company means empowering employees with the skills and capabilities to thrive in their careers, while ensuring they are well informed about, and challenged by, their roles. Our values promote employee growth and development, giving staff flexible career options with a 'retrain and retain' approach, to ensure progression continues once employees have joined us.

Retaining and training staff is not just good for our employees, it is good for our company; it makes our workforce resilient to staff turnover, while having employees with skills and experience in multiple areas of the business enriches their capabilities and makes our teams increasingly multi-dimensional.

- We begin with an initial 'day one' induction, followed by a day long formal induction at one of our training centres. This is accompanied by training reviews at one, three and six months after joining, to ensure that new employees have a strong understanding of our values and company purpose, as well as annual training on our Standards of Integrity.
- We hold annual Personal Development Reviews with every employee to discuss their progress and career aspirations as well as encouraging informal discussions year round.
- To ensure our managers are equipped to support the personal development of their teams, we provide leadership training for our middle and senior managers, focusing on the impact our leaders have on their teams and the wider workforce.
- Empowering employees at every level of the organisation, our directors run an annual series of roadshow presentations to ensure that all staff are aware of, and can contribute to, WPD's purpose.
- We offer internal traineeships to promote social mobility within the company, providing opportunities to those who have worked at WPD for three years but do not necessarily have the traditionally required qualifications. We are looking to expand the range of internal traineeships, with degree apprenticeships to enable internal progression and fill skills gaps within the business using existing talent.
- Where the relevant qualifications for a role have not been achieved, we offer the facility for employees to apply to undertake qualifications in readiness for applying for future roles. Through these schemes, our employees have the chance to retrain in areas of interest and develop new skills to further their personal and career development.

The Social Contract will therefore aim to build on, and complement, the range of existing initiatives and proposals in our Workforce Resilience Strategy, supporting our commitment to achieve a gold accreditation with Investors in People by the end of RIIO-ED2.



Key action: Achieve gold accreditation with Investors in People by 2028.

Part 2: Delivering our Social Contract

Social Contract: Enriched wellbeing

Stakeholders said: Covid-19 has pushed mental health to a crisis point for many people, it is more important than ever for WPD to provide wellbeing support to employees.

The pandemic has veritably shed light on the importance of mental health support, as lockdowns across the UK have left people isolated, unable to see family or friends and often under additional financial pressure. Indeed, mental health charity 'Mind' has found that one in six British workers are affected by mental health problems like anxiety, stress and depression every year⁵.

We are driven to enable our teams to do their best, by feeling their best. Therefore, we have several schemes that actively promote the mental and physical wellbeing of our staff and offer support when they need it.

- Our 'Switched on to Health' intranet provides a wide range of resources for the health and wellbeing of our employees and managers, including access to our in-house Occupational Health team and Employee Assistance Programme.
- WPD's Occupational Health Team consists of trained nurses and advisors who deal with case management, health surveillance, bespoke training, health information and offer advice to staff.
- They have launched our Occupational Health Calendar, a monthly bulletin covering different physical and mental health topics to provide advice and awareness.
- This is complemented by our Employee Assistance Programme, a 24/7, confidential service providing free access to a range of specialist support and information, including telephone and face to face counselling. It provides support for employees across a range of issues, including family, legal, financial or work related difficulties.
- To promote improved work-life balance and wellbeing for employees who prefer to work remotely, we have revised our flexible working policy, providing support to eligible staff who wish to incorporate homeworking on a long term basis.
- We have more than 300 managers and 11 trade union representatives trained to support employees with mental health and wellbeing, underpinned by a mental health policy and procedural guidance.

We will continue to promote awareness and reduce stigmas surrounding mental health, refreshing and updating our mental health training, as well as cascading it to the wider workforce to ensure teams are equipped to offer their colleagues support.



Key action: Refresh and update mental health training, cascading to the wider workforce.

In addition to initiatives for physical and mental wellbeing, we also provide enhanced maternity and paternity support, flexible working options and care for retirees and terminally ill employees. Recognising that significant life transitions can impact the mental health and wellbeing of our employees, we strive to adopt industry leading policies that provide holistic support to our employees during difficult times.

- For team members who are nearing retirement, we offer two day, in-house retirement courses to provide advice on the transition from working into retirement, including pension support. In addition, we provide all eligible retirees with 35 days pre-retirement leave to help individuals adapt to being out of the workplace.
- To protect the rights of terminally ill employees, we are signatories of the 'Dying to Work' charter. This charter ensures that when faced with terminal illness, employees who decide to continue working are able to do so with the support of their employers.
- For new parents, we provide childcare vouchers to encourage eligible employees to continue their careers while caring for a family, adoption leave, shared parental leave arrangements and keeping in touch days, in line with government guidelines.

Empowered communities

The Covid-19 pandemic has brought the need to support the most vulnerable in our communities into sharp focus. At the same time, with a network of grassroots organisations quickly emerging and mobilising to offer Covid-19 relief, the last year has demonstrated our communities' extraordinary capacity to support one another in times of crisis.

We therefore recognise the necessity of bolstering and aiding these efforts on a local level, rather than taking a top-down approach or seeking a one size fits all solution. In this focus area, the Social Contract builds on our extensive and long-standing customer vulnerability and fuel poverty programs, working with local, expert stakeholders to ensure support is targeted to those in greatest need.

As a company firmly rooted in our communities, we must look to support young people and help those seeking new career paths to access opportunities for fulfilling employment and economic gain. Stakeholders have suggested that 'earn and learn' roles, such as graduate schemes and apprenticeship programmes are key mechanisms to drive better outcomes for communities, enabling people to gain qualifications and skills while earning an income. The Social Contract will therefore aim to support the UK government's levelling up agenda with initiatives that foster improved social mobility, particularly in areas where opportunities may be limited.

Our ambitions:



Help support communities by focusing on local grassroots organisations and good causes.



Play a meaningful role in supporting UK initiatives to deliver net zero, level up post Covid-19 and improve social mobility.

Core Purpose: Customer vulnerability and fuel poverty

Over the last eight years, we have continuously engaged with customers in vulnerable situations and expert stakeholders to refine and improve our approach to customer vulnerability, in order to deliver maximum social value beyond our regulatory requirements. We recognise that to support vulnerability, we need a flexible approach, capable of adapting to the complex and evolving needs of customers in vulnerable situations. We never presume to know what customers want; our strategies are collaboratively designed, externally scrutinised and frequently updated to ensure they are fit for purpose (see our RIIO-ED2 Customer Vulnerability Strategy for more information).

At its core, our customer vulnerability programme aims to support customers in vulnerable situations during power cuts, through the maintenance and improvement of our Priority Services Register (PSR). Our one stop shop system means that customers only need to join our PSR once to be referred to a range of services through our charity and community partnerships. Collaborating with local organisations not only enables us to provide more comprehensive assistance to customers, it also helps us identify people in our communities who could benefit from signing up to the PSR.

To embed our approach throughout the company, we have trained 192 managers and 3,620 field staff on the support we can provide for customers, while reiterating how to add customers to the PSR. This training is now being rolled out to all apprentices and new starters at WPD.

We recognise that vulnerability and fuel poverty often go hand in hand. Through our Affordable Warmth collaborative outreach schemes, we support existing area-based fuel poverty programmes to identify and support hard-to-reach customers, referring any eligible for the PSR to WPD. Using social indicator mapping, we target areas where low PSR sign up aligns with potentially high levels of fuel poverty and vulnerability. While Affordable Warmth aims to refer people to the PSR, our Power Up fuel poverty schemes receive referrals from within WPD where we encounter customers with a specific need in relation to fuel poverty as part of our day to day services and proactive PSR calls. With our 'hub' model, each referral is assessed and coordinated by our 'lead partner agency' in our four licence areas, who work with a pool of sub-partner agencies to match the bespoke needs of customers with the correct expertise. In the last two years alone, these fuel poverty schemes have delivered over £20 million of direct savings for 40,665 customers.

Part 2: Delivering our Social Contract

Social Contract: Supporting local initiatives

Stakeholders said: WPD should focus on 'giving back' to local areas. Employee volunteering and charitable funding are a good way to improve employee morale and wellbeing, support local initiatives and build trust and awareness of WPD at a local level.

"I think it is a great move to have more of a local focus. I think volunteering and additional funding is a good way of doing this. WPD have skilled staff, so adding them to appropriate local projects would be good."

The Covid-19 pandemic has disproportionately impacted people in vulnerable situations, particularly those shielding, frontline workers and people facing financial hardship.

When Covid-19 hit the UK in March 2020, WPD established the 'In This Together - Community Matters' fund practically overnight to financially sustain local good causes. Driven by our approach to assessing social value and insight from WPD's outreach schemes, we avoided writing large cheques to nationwide organisations, instead spending time and resources to distribute funding to local services which utilise community knowledge and support networks, maximising the impact of every penny. We worked quickly with stakeholders to ensure funds were distributed across our region to frontline agencies and engaged a sub-group of our Customer Panel to devise assessment criteria so the worthiest causes were supported.

The fund was administered in three rounds, utilising different stakeholder groups to ensure a range of organisations were considered. In the first round, we made £500,000 available to local charities, community groups and councils to provide services and support to those in vulnerable situations and key

workers. In the second phase, we provided £250,000, inviting MPs within our network area to nominate good causes in their constituency, with £1,500 made available to each MP. The third round, our Festive Fund, was launched in November 2020 to offer another £250,000 in recognition of the ongoing support needed to address the long term impact of Covid-19 on our communities. This round was designed specifically to support initiatives offering food and clothing parcels, hot meals, gifts and support to children, adults and the elderly in vulnerable situations over the winter holidays.

Our 'In This Together - Community Matters' fund supported a total of 871 initiatives with £1 million of funding, impacting the lives of over 565,000 people in WPD's communities. These grants have enabled people to speak to their loved ones in hospital through the provision of iPads, delivered meals, care packages and prescriptions, and allowed charities to adapt and continue their vital work throughout the pandemic.

Jessie May, a children's hospice offering individual and specialist at home hospice support to terminally ill children in Bristol has received £1,500 to fund additional respite care for five families. Lindsey Horton, Corporate Partnerships Officer at Jessie May, said:

"We can't thank WPD enough for their grant ... it means the world to us! The grant enables Jessie May nurses to provide extra respite care to five families in the lead up to Christmas. This time may be spent shopping, spending time with a sibling or just catching up on sleep, but having a Jessie May Nurse to look after your child when friends and family are unable to help due to the current situation is priceless."

WPD staff are at the heart of our communities, and so we have developed our support to directly benefit local organisations. Our long-standing approach has been focused on the themes of education, safety and the environment, providing resources, education programmes and sponsorship to local initiatives. During 2019-2020, we allocated around £260,000 to assist 276 charitable and non-charitable organisations.

We always look to find effective ways to adapt to changing circumstances at scale and pace, while considering the long term impact of our initiatives. Over a year on from the launch of our 'In This Together - Community Matters' fund, the difficulties customers are facing is far from over; in the UK, 1.3 million people have lost income, while more than 6 million have been rendered unable to afford their bills due to the pandemic.

The Social Contract will therefore deliver a shareholder-funded annual £1 million support fund for local community initiatives and good causes. Building on the momentum of our 'In This Together - Community Matters' fund, we will ensure the grassroots initiatives that play a crucial role in our communities are sustained long term, leveraging opportunities to combine with our core PSR and fuel poverty services to support the most in need.

Remaining true to the principle of community led action, the fund will continue to be distributed with input from our stakeholders to ensure that it generates the greatest possible impact.



Key action: £1 million shareholder-funded annual 'Community Matters' fund for our communities.

Because our networks are managed locally, by local people, we encourage WPD staff to volunteer in their communities. Our employees currently take part in individual and team fundraising and volunteering activities for good causes they are passionate about, with money raised by our employees (up to £300) matched by a company donation. In addition, each year we hold an Apprentice Challenge in which our apprentices spend a number of days developing their team work and collaboration skills on a community service challenge.

Building on our £1 million annual funding and extensive customer vulnerability and fuel poverty schemes, the Social Contract will deliver 1,000 volunteer days each year, enabling staff to support local community initiatives associated with customer vulnerability, Science, Technology, Engineering and Maths (STEM) education, safety, low carbon and energy efficiency and diversity.

During this time, employees will have the opportunity to share their skills, provide support and mentorship within the community and

improve their own wellbeing and self confidence through acts of community service.

Volunteering brings WPD's value of citizenship to life for employees, providing opportunities to be active in the communities we serve, while building a greater understanding of the vulnerable situations customers face. By participating in the scheme on a voluntary basis, staff can choose to take up volunteering opportunities that are truly meaningful to them, creating strong relationships locally.



Key action: Provide 1,000 staff volunteering days each year.

Part 2: Delivering our Social Contract

The £1 million annual fund and volunteering days will have defined focus areas and eligibility criteria, going beyond traditional corporate social responsibility to ensure that money spent delivers the maximum social impact and contributes to the delivery of WPD's purpose.

We will therefore specifically support communities in key areas where WPD has expertise and partnerships that can be leveraged to achieve the greatest benefits – these key areas are listed below:



Supporting customers in vulnerable situations:

Activities that build on our 'core purpose' customer vulnerability and fuel poverty schemes.

Fuel poverty does not exist in isolation from other forms of poverty; customers unable to afford their energy bills inevitably also experience financial difficulty with other essential goods and services.

Through this fund, WPD will seek to support organisations tackling vulnerability and poverty, such as food banks, health and social care charities, and fuel poverty alleviation services.



Science, Technology, Engineering and Mathematics (STEM) subjects:

Activities aimed to encourage greater and more diverse participation in STEM subjects, and the future career opportunities they offer. Examples include recruitment and training of WPD STEM ambassadors and funding for technology installations in schools.



Low carbon and energy efficiency:

The fund will support low carbon initiatives, energy saving projects or climate change activities that engage communities in the net zero transition and promote environmental awareness and understanding. For example, conservation activities, tree planting, biodiversity and park renovations.



Safety: Activities encouraging people to stay safe when working and carrying out leisure activities. Examples include funding for community defibrillators and safety training for key groups working in close proximity to the electricity network.



Diversity: Activities aimed to encourage diverse workforces and inclusiveness for all. This could include mentoring services and funding for skills training packages.

To promote careers in STEM to young people within our region, we will enrol WPD staff as volunteer STEM ambassadors to deliver outreach activities and inspire the next generation of innovators. We will seek to recruit ambassadors who represent a range of roles and geographical regions, encompassing the variety of expertise and knowledge within WPD. They will be responsible for delivering activities that are tied to WPD's strategies and aims, developing relationships with schools and community centres to offer an important resource for young people.

To encourage staff to become ambassadors, we will use a variety of channels to promote this programme, with our company volunteering scheme providing a key platform for employees to deliver outreach and mentorship. Our participation in the Greenpower Challenge (see page 27) will also act as a mechanism to generate interest and enthusiasm for our STEM ambassador programme by enlisting employees to support a team of students to build an electric race car.



Key action: Enrol WPD staff as volunteer STEM ambassadors to deliver outreach activities in our region.

Social Contract: Social mobility

Stakeholders said: Creating opportunities for young people is admirable and ambitious, this should be extended to people of all ages within the community who would benefit from developing new skills and capabilities. WPD covers a big region and it is important to promote social mobility and reach out to areas where opportunities may be limited.

"It feels like they would be educating future customers and creating a passion for engineering"

The Social Mobility Commission's 'State of the Nation' report states that there is 'a stark social mobility postcode lottery in our country today'⁶. According to the report, 'social mobility cold spots are concentrated in remote rural or coastal areas and in former industrial areas, especially in the Midlands'⁷.

In these regions, factors including poor educational outcomes for young people from disadvantaged backgrounds, weak labour markets and lack of transport links mean that opportunities are restricted.

School closures due to Covid-19 have affected roughly 10 million young people in the UK. At the same time, evidence suggests that skills gaps in digital management and science, technology, engineering and maths (STEM) are likely to grow, so that by 2030⁸:

- Around five million workers in the UK are likely to be acutely under skilled in basic digital skills, with around two thirds facing some level of under-skilling
- 1.5 million workers are likely to be under-skilled in at least one STEM workplace skill.

While a lack of opportunities acts as a barrier to social mobility, the increasing need for people with skills in STEM subjects renders many of the jobs that are available, inaccessible. It is clear that fostering improved educational outcomes in STEM subjects, particularly for those living in areas of poor social mobility, supports both the STEM skills gap and the need to level the playing field of opportunity.

Having a university degree can help improve social mobility, enabling individuals to obtain skills and knowledge that unlock opportunities for fulfilling employment and economic gain. A representative from WPD chairs the Council and sits on the Executive Committee of the 'Power Academy', a body of employers and universities who support the recruitment of graduates with engineering degrees. By offering financial and professional support to scholars, the Power Academy supports the personal and career development of a diverse pool of engineering students while addressing the engineering skills shortage in the UK.

Other 'earn and learn' positions, like apprenticeships, are often more accessible, offering an alternative to university with significantly reduced financial barriers for applicants. They are a fundamental tool to increasing social mobility, as they boost skillsets and offer paid pathways to higher education and training.

Over the last five years, WPD has recruited 398 craft apprentices (in addition to our other training schemes) and in our most recent recruitment cycle, we attracted more than 2,000 applications, a 15% increase on the previous year. Building on our core apprenticeship programme, the Social Contract aims to develop routes to working at WPD for people with good hand skills who lack the academic qualifications traditionally required to undertake an apprenticeship, in order to increase social mobility in areas with poor educational outcomes. We are therefore launching a new apprenticeship scheme requiring no formal qualifications to apply, helping to stimulate applications from socially deprived areas and from those who found education challenging, but have valuable skills we can build on. Trainees will undertake skills scans, assistance with writing, mentor reviews, individualised learning plans and safeguarding training. By enrolling employees each year, WPD will contribute to levelling up vulnerable communities within our region, providing employment and skills to those who need it most.



Key action: Employees recruited through a new apprenticeship programme with reduced barriers to entry.

We already work with a number of schools, colleges and universities, holding careers fairs to educate young people about jobs at WPD and in STEM more widely, mentoring students and sponsoring STEM challenges. We also recognise the importance of engaging with children when they are still in the primary school system – before beliefs and traditional thinking influence a child's career direction. We will therefore establish alliances with a number of primary schools, offering workshops around a range of topics and promoting educational pathways in STEM subjects.

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017_-_Social_Mobility_in_Great_Britain.pdf

⁷ *ibid*

⁸ <https://industrialstrategycouncil.org/sites/default/files/UK%20Skills%20Mismatch%202030%20-%20Research%20Paper.pdf>

Part 2: Delivering our Social Contract

To ensure that social mobility is improved, we will continue to engage widely with schools and colleges, focusing on communities within our licence area that have higher levels of deprivation, revealed by our social indicator mapping and government social mobility statistics.

We will target these ‘coldspots’ with our mentorship, STEM challenges and primary school workshops in order to encourage young people to consider taking STEM subjects into higher education.



Key action: Target STEM outreach to areas of poor social mobility in our region.

To explore a more holistic approach to improving social mobility and addressing the ‘skills gap’, we are partnering with the New Model Institute for Technology and Engineering (NMITE), an initiative transforming Higher Engineering Education in Britain.

NMITE seeks to tackle the opportunity gap in engineering, particularly for underrepresented groups, by using an application process where candidates’ grades are only one of many factors considered. NMITE focuses on practical education, aligning the curriculum to industry needs and employment opportunities.

Therefore, NMITE will provide a channel to connect engineering employers with graduates who have relevant, industry specific knowledge, working to fill the skills gap in future STEM recruitment. By creating an innovative, cutting edge hub of engineering education, NMITE will foster social mobility by attracting new talent.

WPD will support NMITE through providing real world problems to enrich the curriculum, in line with WPD’s own business needs in the net zero transition.

Moreover, WPD will provide mentorship to NMITE students and support employment through careers fairs and graduate opportunities. In doing so, we will assist the development of a cohort of graduates with relevant skills and experiences to tackle current industry challenges and contribute to closing the skills gap in STEM industries.



Key action: Support NMITE’s ambitions for a diverse and inclusive engineering university through industry insights to enrich the curriculum, mentorship and careers fairs.

In 2030, there could be as many as 694,000 direct jobs employed in the low carbon and renewable energy economy in England⁹. However, the decarbonisation of the economy also poses challenges; those with jobs at risk in today’s economy do not necessarily have the right skills for the green jobs of the future.

80% of the 2030 workforce is already in the workforce today, meaning that delivering net zero will rely on providing lifelong learning, retraining and re-skilling¹⁰. To achieve this, WPD’s partnership will extend to the Skills Foundry, an NMITE initiative in Hereford.

As a beacon of lifelong learning, the Skills Foundry will work with employers, adults and the unemployed, as well as community organisations, entrepreneurs and military leavers to provide the skills required to meet employment needs.

Through work and skills development hubs, the Skills Foundry will focus on individual, community and employer needs to upskill local people with relevant capabilities and build community resilience.

WPD will collaborate with NMITE to develop a programme of education and skills development to be delivered through the Skills Foundry, focusing on the needs of the area, in particular the development of digital skills and capabilities to transition to the jobs of the future. WPD staff will have the opportunity to dedicate their time to mentoring people in the community, sharing their skills to promote improved workforce readiness as part of WPD’s company wide volunteering programme (see page 19).

The Skills Foundry will serve as a pilot partnership, which, if successful will be expanded to other community learning hubs across our licence area. By partnering with local organisations like the Skills Foundry, we will ensure that the support we provide is tailored to the bespoke needs of communities, addressing the skills shortages and industry needs of different areas.



Key action: Facilitate skills-building and lifelong learning at a local level through a partnership with the Skills Foundry.

Environmental steward

Stakeholders have urged WPD to set ambitious targets related to environmental protection, climate change mitigation and adaptation. As key drivers of a decarbonised energy network, they want to see us leading in this area, laying the foundations for others and driving system wide change as part of our 'core purpose'. Therefore, alongside our main Business Plan, we have set out our ambitions to accelerate the net zero transition and improve the natural spaces in which we operate within our Environmental Action Plan and Climate Change Resilience Strategy. We have also produced strategies for the roll out of electric vehicles (EVs), heat pumps and smart meters; key components in achieving the UK's net zero target (see our website for the strategies in full).

In this focus area, the Social Contract builds on the extensive portfolio of environmental activities that are central to our 'core purpose' with initiatives that generate wider positive benefits for our communities and environment. In particular, we will focus on driving decarbonisation locally, by equipping our communities and supply chains with the skills, resources and education to deliver an inclusive net zero transition for all.

Our ambitions:



Improve our impact on the planet, by demonstrating excellent environmental stewardship and supporting our supply chains to do the same.



Ensure the benefits of decarbonisation are shared by all, by supporting local community energy groups to participate in energy markets, obtain funding and develop new schemes.



Promote environmental understanding in communities through education and outreach locally.



Part 2: Delivering our Social Contract

Core Purpose: Climate change mitigation and adaptation

At WPD, our Environment Management System (EMS) is certified to ISO 14001:2015. This is an internationally agreed standard that enables organisations to improve their environmental performance. In order to be certified, organisations must consider all environmental issues relevant to its operations, such as air pollution, water and sewage issues, waste management, soil contamination, climate change mitigation and adaptation, and resource use and efficiency. This certification ensures WPD strives for continual improvement and innovation in our approach to the environment, in line with our values.

Being an environmental steward, and driving the UK's 2050 net zero target to tackle climate change is central to everything we do as a company. We are therefore committed to playing a leading role in enabling a decarbonised energy system, and to reducing our own emissions to zero by 2028, in line with the expectations and ambitions of our stakeholders. Our Business Plan and Environmental Action Plan (EAP) outline how we will achieve these goals and contain details on further environmental actions.



Key action: Become a net zero carbon organisation by 2028.

To become a net zero carbon organisation by 2028, we will:

- Install Low Carbon Technology (LCT) generation at all suitable depots and offices to produce electricity to meet operational demand.
- Purchase all building energy from a renewable source and account for this in our reported business carbon footprint.
- Reduce energy use in our buildings.
- Ensure that all new WPD buildings achieve an 'excellent' rating in the BREEAM sustainability assessment.
- Replace a minimum of 89% of our existing operational fleet with electric vehicles by 2028.
- Cut carbon emissions from our operational fleet by 50%.
- Install electric vehicle charging infrastructure at all our operational sites.
- Include only non-carbon technology cars in our company car scheme by 2025.
- Reduce business travel by encouraging more remote working and virtual meetings.

We also run a number of campaigns to raise awareness of mindful energy consumption and energy waste reduction. These measures comprise a double-sided approach to energy saving; changing attitudes and habits through awareness and education, while upgrading to energy saving technologies to reduce the energy use of appliances when they are in use.

- The national Big Energy Saving Week campaign is backed by WPD and encourages customers to cut their bills by using less energy, reducing their carbon emissions in the process.
- We run internal programmes such as 'The Big Switch Off', encouraging employees to reduce electricity use by ensuring lights and computers are switched off when not in use.
- We have installed motion sensors for lights so that they go off automatically, made improvements to air conditioning units, installed low energy lighting and undertaken an energy efficiency review.
- Many offices in the West and East Midlands were refurbished to the BREEAM standard of 'excellent' or 'very good' and all new builds are required to achieve the 'excellent' rating.

Core Purpose: Protected environment

Much of our network operates across rural areas, including national parks and Areas of Outstanding Natural Beauty. Because of this, we have a responsibility to protect our natural environment, in particular, preserving biodiversity which can be easily damaged by operational works.

We already take a number of important measures to protect biodiversity, with our certified, company wide environmental management system. For example:

- In nature reserves, environmental surveys are conducted to identify wildlife and programmes are altered accordingly.
- Our ecologists prepare Habitats Regulations Assessments, and surveys are conducted prior to new undergrounding and replacement of overhead lines to identify not only protected species issues but also sensitive habitats.
- WPD has a programme to replace overhead power lines with underground cabling to improve the natural surroundings.
- We collaborate extensively with landowners, local authorities and specialists to minimise the impact of our actions on the environment.

To minimise the impact of our business activities on UK protected species of flora and fauna, we will aim to introduce a natural capital assessment tool for all new major infrastructure projects and at our existing grid/primary sites, seeking to achieve a net gain in biodiversity and amenity value of at least 10%.

A natural capital assessment considers the elements of a landscape that directly or indirectly produce value to people, including habitats, species, watercourses, land, air and sea.

The assessment identifies the value, both financial and non-financial of these elements before and after any proposed new development.



Key action: Select and implement a natural capital assessment tool to measure and improve biodiversity and amenity value by at least 10%.

We are also dedicated to reducing waste in our construction, offices and depots and throughout our supply chain. We have a number of schemes in place to increase the recycling and reusing of materials, as well as reducing the amount of waste that enters our business in the first place.

- Where possible, we donate computers, office furniture and telephones to charitable causes to maximise their lifespan.
- In our offices, recycling schemes include the introduction of bamboo coffee cups, encouraging double sided printing where absolutely necessary and using hand dryers instead of paper towels.
- At our depots, redundant cabling and metal work, a significant waste stream within WPD, is segregated, collected and eventually returned to the marketplace for reuse.
- One of our largest waste streams by weight, wooden poles are replaced and disposed of at a waste-to-energy plant.

These initiatives are key enablers of our wider business commitment to achieve zero waste to landfill by 2028 (excluding hazardous waste) and deliver an overall 30% reduction in tonnage waste produced (per £ total business expenditure).

Part 2: Delivering our Social Contract

Social Contract: Improved environment

Stakeholders said: Stakeholders want to see WPD do something market leading in this area, actively improving the environment and having a net positive impact. Working with manufacturers and suppliers to improve environmental performance demonstrates a '360' approach, considering the full impact of WPD's operations.

The Social Contract builds on the huge range of commitments we are making in our Business Plan and EAP to reduce our Business Carbon Footprint, by considering the wider environmental impact of our supply chain. Increasingly, stakeholders expect to see companies taking action to improve sustainability across the whole lifecycle of their activities, in order to maximise positive environmental outcomes. We encourage all of our major contractors, manufacturers and service providers to embrace, support and collaborate with WPD on our transition to net zero, demonstrating waste and emissions reduction in line with our own targets. We will support our supply chain to meet our excellent environmental standards, sharing best practice and successful initiatives.

Engagement with Small and Medium Enterprises (SMEs) in particular has revealed that the compounding impacts of Covid-19 and the net zero transition are causing them major challenges. SMEs have limited time, expertise and capacity to adapt, balancing green ambitions with the need to 'get on with business'.

At the same time, they emphasise that the available information about net zero is confusing and support is fragmented. We will support the SMEs in our supply chain, signposting to tools and resources to enable them to decarbonise their operations, to ensure the benefits of a zero carbon economy are felt across our communities.



Key action: Support manufacturers and suppliers to be environmental stewards.

The Social Contract will seek to further improve the environment by supporting community initiatives that specifically target decarbonisation and initiatives to improve the natural environment locally (see page 20). We recognise the importance of enabling community action, by providing people with the resources to deliver schemes that will have the greatest impact in their communities. Through our annual £1 million fund and staff volunteering days, we will bolster grassroots organisations seeking to deliver positive environmental benefits (both financially and in-kind).



Key action: Support local schemes seeking to improve the environment.

Social contract: Net zero communities

Stakeholders said: Communities want to work collaboratively with WPD to develop more network innovation projects. They would like to see innovation targeted at under-represented areas of WPD's network, supporting a just transition.

Customers find the dialogue surrounding decarbonisation and net zero confusing, so innovative ways to reach the community and build understanding are important.

"It's about linking in with partners on this. Local councils now have climate change pledges and it's a big focus and a hot topic, looking at not just reducing carbon in their own buildings but also for the communities"

The UK's 2050 net zero target has catalysed a significant number of Local Area Energy Plans (LAEPs), each with bespoke strategies and ambitions. Delivering decarbonisation in line with these ambitions will also be dependent on communities, who must be equipped with the necessary skills and capabilities. Decarbonisation therefore brings with it huge opportunities to develop future ready skills in our communities, particularly for those in vulnerable situations or low paid employment who are most likely to be negatively impacted by the workforce transition needed to deliver net zero.

Building on our extensive local relationships, we will collaborate with stakeholders to ensure that the STEM pipeline delivers what is needed for a prosperous future. Ongoing engagement with local stakeholders and communities will feed into our education and outreach activities, ensuring we actively drive the development of the future workforce needed to decarbonise our economy.

This will include the mentorship and engagement we deliver at schools and universities (see page 21), as well as education programmes, such as our partnership with NMITE (see page 22). Acting as a trusted intermediary, we will utilise our engagement and local relationships to ensure that the opportunities of decarbonisation are harnessed for the wider benefit of communities.



Key action: Build on engagement with stakeholders and partners to develop our education and outreach activities, increasing the STEM pipeline to deliver local decarbonisation ambitions.

Environmental education is crucial in developing the next generation of climate conscious customers and innovators. We will continue to deliver education at schools, preschools and community hubs in partnership with local environmental initiatives, about renewable energy, reducing waste and protecting biodiversity.

As part of our STEM ambassador programme, WPD will support schools in our region to take part in the Greenpower Challenge, an initiative which engages young people in net zero engineering solutions by building and racing an electric car. WPD will provide schools with the tools to design and build an electric car using renewable and recycled materials. Our STEM ambassadors will visit the schools to educate students on the electrical engineering components of the design and support teams to build their cars. The schools will then represent WPD at a race day event in their local areas.

The Greenpower Challenge serves to engage young people not only in STEM education and careers, but in the current and future challenges facing these industries.

By focusing on the design and creation of an electric vehicle using renewable and recycled materials, the scheme fosters skills and capabilities that will be necessary as future generations drive forward the net zero transition.

This programme also represents a unique opportunity to engage a diverse cohort of young people in STEM, with a platform for all students to learn future-ready skills and put them to the test in an exciting real world context. As part of WPD's agreement with the representing schools, we require a 50/50 gender balance within teams, to ensure mentorship and careers development activities are leveraged to engage women in STEM and cultivate diverse talent.



Key action: Provide tools and resources to promote environmental education in communities, through initiatives such as the Greenpower Challenge.

Part 2: Delivering our Social Contract

We are driven by our commitment to support the transition to a net zero economy. The uptake of Low Carbon Technologies across our customer base plays an essential part in this. We also need to ensure that customers in vulnerable situations are supported to navigate this rapidly changing landscape, so that everyone can participate in the transition to a greener, more sustainable energy system.

To deliver this, we will support schools in areas of high economic deprivation within our region to adopt solar Photovoltaic (PV) at their locations, allowing them to harness renewable energy to reduce their bills. Alongside the provision of solar panels, we will leverage touchpoints with our schools and wider customers to deliver STEM education and outreach, promote our PSR and fuel poverty services and identify further social and environmental benefits to maximise the value of our interaction with communities.



Key action: Build decarbonised communities and local energy schemes by providing £540,000 shareholder-funded support per year to install solar PV on schools in areas of high economic deprivation.

With nearly 100 groups in our network area, community energy is an integral driver of local energy plans and ambitions. Stakeholders see WPD as having a key enabling role to provide targeted advice, guidance and expert input into the development of community energy schemes. In April 2020 we published our 'net zero Communities Strategy', setting out how we will support community energy groups to engage in the energy market, while aligning with our social indicator mapping and widespread PSR referral networks to benefit those in greatest need.

Building on the long-standing relationships we have developed with local community energy groups, the Social Contract will deliver greater support for schemes. We will work in collaboration with groups to develop offers, ensuring that barriers to participation are reduced, particularly in under-represented areas of WPD's network.



Key action: Work collaboratively with community and local energy stakeholders to develop tailored connection and flexibility offers.

With some community energy groups well established, and others relatively new, it is important that we dedicate resources to supporting groups who require additional 'hand-holding'. We will widen the range of support offered to new and under resourced groups, allocating a member of WPD staff to provide expertise and one on one guidance, encouraging the development of community energy schemes across our network. To enable successful ideas to be replicated and scaled, we will share in depth case studies for other community energy groups to learn from.



Key action: Hold community energy surgeries for local groups, providing a dedicated community energy engineer to support the development of new schemes and connections.

Engagement with community energy groups across our network has revealed that communities want to work collaboratively with WPD to develop innovation projects, particularly in under represented areas to support an inclusive net zero transition. Developing community energy innovation projects will enable WPD to explore new ways to ensure the technological, environmental and financial benefits of the clean energy transition are available to all. Furthermore, additional funding streams provide long term stability to community energy schemes, enabling them to deliver greater social impact in the community. Therefore, WPD will provide additional support to community energy groups when making submissions to our calls for innovation projects, offering tailored support and advice to groups developing their proposals.



Key action: Facilitate access to funding streams by providing support to community energy groups when making submissions to our 'calls for ideas'.

Part 3: Social Contract Action Plan

In addition to targets set out in the Social Contract, we have a number of items of Regularly Reportable Evidence (RRE). These will provide evidence of performance, both quantitative and qualitative on initiatives where we have not set a target, and will be reported annually.

Annual Action Plan: Employer of choice

Key actions	Benefits	Metrics/targets
Achieve Gold accreditation with Investors in People	<ul style="list-style-type: none"> Understand and improve our approach to supporting and developing WPD's workforce. 	Gold achieved by 2028.
Attend national events on best practice to recruit, support and retain diverse talent	<ul style="list-style-type: none"> Learn from leading organisations, improving our approach and developing new initiatives to foster a diverse and inclusive workforce. 	RRE: Qualitative description of activities.
Deliver DE&I awareness training during the induction process	<ul style="list-style-type: none"> Embed WPD's commitment to a diverse, equitable and inclusive culture from the beginning of an employee's journey with us. 	Training delivered to every new starter.
Continue to promote and update our Respect Charter	<ul style="list-style-type: none"> Ensure that staff are aware of, support, and adopt, WPD's principles for respectfully working with others. 	RRE: Qualitative description of activities.
Engage with external organisations to deliver workshops to employees and improve our approach	<ul style="list-style-type: none"> Ensure our approach is guided by the correct expertise and prioritise continual evaluation and improvement. Includes unconscious bias training to empower employees to understand and facilitate better DE&I practices. 	RRE: Qualitative description of activities.
Recruit interns through the 10,000 Black Interns programme	<ul style="list-style-type: none"> Improve the prospects of young Black people in the UK by offering paid work experience, providing training and development opportunities, mentorship and sponsorship. 	First interns to start in 2022.
Work with Change 100 to offer students and graduates with disabilities a paid summer placement	<ul style="list-style-type: none"> Provide students professional development and mentorship through a paid summer programme. Remove barriers for people with disabilities to enter WPD. 	One student/graduate recruited each year.
Explain the Gender Pay Gap reporting outputs, implementing an associated action plan	<ul style="list-style-type: none"> Provides transparency to employees and stakeholders on our Gender Pay Gap and the course of action being taken to improve gender pay equality. 	RRE: Qualitative description of activities.
Annually update our DE&I Action Plan	<ul style="list-style-type: none"> Drive progress in the company's DE&I, identifying opportunities to improve our approach. 	Plan updated annually.
Annually measure and report progress in workforce diversity across underrepresented sectors	<ul style="list-style-type: none"> Enables WPD to track progress and measure the impact of different initiatives on workforce diversity. Provides transparency to stakeholders on WPD's workforce diversity. 	RRE: Employee diversity figures.
Continue to promote and expand internal traineeships for employees	<ul style="list-style-type: none"> Employees have the chance to retrain in areas of interest and learn new skills to further their personal and career development. 	RRE: Number of traineeships undertaken.
Deliver leadership training to middle and senior managers	<ul style="list-style-type: none"> Encourage managers to understand the impact they have on their teams and the wider workforce, to promote inclusive leadership. 	RRE: Qualitative description of activities.
Provide mental health training to managers and the wider workforce	<ul style="list-style-type: none"> Teams are equipped to support each other with mental health challenges. Training will be refreshed every three years to ensure it remains up to date. 	RRE: Qualitative description of activities.

Part 3: Social Contract Action Plan

Annual Action Plan: Empowered communities

Key actions	Benefits	Metrics/targets
Shareholder-funded 'Community Matters' fund for local organisations	<ul style="list-style-type: none"> Local organisations and good causes are provided with greater financial stability, enabling them to positively impact our communities and environment. 	£1 million of funding distributed annually.
Dedicated volunteering days for staff to dedicate to charities and good causes that are important to them	<ul style="list-style-type: none"> Promotes improved employee wellbeing and awareness of vulnerable situations locally. Provides additional support to local charities and community groups. Builds knowledge and trust of WPD locally. 	1,000 days volunteered by WPD staff each year from 2023.
Recruit WPD STEM ambassadors to deliver outreach with schools and community groups across our region	<ul style="list-style-type: none"> Young people are engaged and empowered to pursue STEM education and careers. Employees develop relationships with WPD's local communities, building awareness and knowledge of the company. 	RRE: Number of STEM ambassadors recruited and outreach activities delivered.
Deliver outreach (STEM mentorship, careers fairs, workshops) at schools, colleges and universities, targeting areas of poor social mobility	<ul style="list-style-type: none"> Students from areas with poor social mobility receive targeted advice and mentorship, encouraging students to pursue STEM education and careers. 	RRE: % of outreach delivered in areas of poor social mobility within our region.
Continue to support graduates through the Power Academy	<ul style="list-style-type: none"> Supports the personal and career development of a diverse pool of engineering graduates. 	RRE: Number of graduates supported.
New apprenticeship programme open to applications from those who do not have the traditionally required qualifications	<ul style="list-style-type: none"> Provides access to gainful employment and skills development for students who have struggled with education or have had fewer career opportunities. Promotes the UK Government's levelling-up agenda by improving social mobility and filling the UK's skills gap. 	RRE: Number of apprentices recruited annually to the scheme.
Support NMITE's ambitions for a diverse and inclusive engineering university through industry insights to enrich the curriculum, mentorship and careers fairs	<ul style="list-style-type: none"> Supports a diverse and inclusive cohort of students to develop the capabilities needed to enter the workforce and deliver engineering solutions for a net zero economy. 	RRE: Qualitative description of activities.
Facilitate skills-building and lifelong learning at a local level through a partnership with the Skills Foundry	<ul style="list-style-type: none"> Creates improved workforce readiness by ensuring people have up-to-date skills for the changing nature of work. Provides access to improved employment opportunities to build resilience for Hereford's citizens and economy. Delivers tailored education to drive the skills-transition needed to decarbonise the UK. Serves as a pilot initiative that can be rolled out more widely across WPD's licence area. 	RRE: Qualitative description of activities.

Part 3: Social Contract Action Plan

Annual Action Plan: Environmental steward

Key actions	Benefits	Metrics/targets
Become a net zero organisation by 2028	<ul style="list-style-type: none"> Following a verified science based target of 1.5°C ensures carbon emissions are reduced to prevent the worst impacts of climate change. 	Net zero by 2028, achieving a full suite of KPIs set out in our Business Plan and Environmental Action Plan.
Continue to support the 'Big Energy Saving Week' campaign	<ul style="list-style-type: none"> Encourages customers to cut their bills by using less energy, saving carbon emissions in the process. 	RRE: Qualitative description of activities.
Continue to run 'The Big Switch Off' internal campaign	<ul style="list-style-type: none"> Encourages employees to reduce electricity use by ensuring lights and computers are switched off when not in use. 	RRE: Qualitative description of activities.
Select and implement a natural capital assessment tool to measure and improve biodiversity and amenity value by at least 10%	<ul style="list-style-type: none"> Enables us to assess the impact of new projects, as well as existing sites, with a view to enhancing biodiversity. 	Improve biodiversity and amenity value by at least 10% from 2023.
Collaborate with landowners, local authorities and specialists	<ul style="list-style-type: none"> Uses local knowledge to inform activities and reduce the impact of our actions on the environment. 	RRE: Number of local engagements.
Donate computers, office furniture and telephones	<ul style="list-style-type: none"> Expands the lifespan of office equipment and reduces the amount of waste produced. Benefits charitable causes. 	Zero waste to landfill by 2028.
Continue to carry out and promote office recycling, reduction and reuse schemes	<ul style="list-style-type: none"> Builds employee awareness of recycling schemes to reduce company waste to landfill. 	Zero waste to landfill and overall 30% reduction in tonnage waste produced, by 2028.
Segregate and recycle site waste, dispose of wooden poles at a waste-to-energy plant	<ul style="list-style-type: none"> Reduces waste by reusing and recycling materials wherever possible. 	Zero waste to landfill and overall 30% reduction in tonnage waste produced, by 2028.
Support our supply chain to improve environmental performance	<ul style="list-style-type: none"> SMEs are supported to decarbonise their operations. Excellent environmental stewardship demonstrated across our supply chain will deliver positive benefits for the environment more widely. 	RRE: Qualitative description of activities.
Build on stakeholder engagement to develop our education and outreach activities, increasing the STEM pipeline to deliver local decarbonisation ambitions	<ul style="list-style-type: none"> Ensures that the future workforce is equipped with the skills needed to meet the challenges of decarbonisation. Supports communities to deliver on their net zero targets and ambitions. 	RRE: Qualitative description of activities.
Provide tools and resources to promote environmental education in communities, through initiatives such as the Greenpower Challenge	<ul style="list-style-type: none"> A diverse group of students receive targeted mentoring and careers talks. Students have the opportunity to participate in an exciting engineering challenge, learning new skills in a real-world context. Provides the next generation of engineers and innovators with future-ready skills that will be key to delivering net zero. 	RRE: Qualitative description of activities. RRE: Number of schools supported in the Greenpower Challenge.
Build decarbonised communities and local energy schemes by providing £540,000 shareholder-funded support per year to install solar PV on schools in areas of high economic deprivation	<ul style="list-style-type: none"> Schools are supported to participate in the net zero transition and access the benefits via savings on their energy bills. Reduced carbon emissions from schools will deliver environmental benefits and help communities achieve their net zero ambitions. Students from areas of high economic deprivation receive STEM education and outreach, and wider communities benefit from greater awareness of WPD's PSR and fuel poverty support. 	45 schools per year receive a solar PV starter pack from 2023.

Part 3: Social Contract Action Plan

Annual Action Plan: Environmental steward

Key actions/outputs	Benefit/impact	Metrics/targets
Hold community energy surgeries for local groups, providing a dedicated community energy engineer to support the development of new schemes and connections	<ul style="list-style-type: none">• New and under-resourced groups are provided support to develop new schemes and connections.• Supported and successful schemes produce community wide benefits, generating low carbon and renewable energy and building local awareness and resilience.	60 surgeries per year from 2023.
Work collaboratively with community and local energy stakeholders to develop tailored connection and flexibility offers	<ul style="list-style-type: none">• Community energy schemes are supported to generate sustainable revenue sources.• A more decentralised energy network with a greater proportion of renewable generation will support local net zero ambitions.	RRE: Number of community energy schemes supported to participate in offers.
Facilitate access to funding streams by providing support to community energy groups when making submissions to our calls for ideas	<ul style="list-style-type: none">• Supporting schemes who may not have experience with ‘call for ideas’ submissions ensures our funding reaches a diverse range of applicants.• Provides opportunities for local schemes to deliver innovation projects to unlock benefits for their communities.• Additional funding streams provide long term stability to community energy schemes, enabling them to deliver greater social impact in the community.	RRE: Number of applications received from community energy groups.





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