

POWERING NET ZERO PACT

COLLABORATION FOR A JUST
ENERGY TRANSITION TO NET ZERO

POWERING NET ZERO PACT YEAR 1 ANNUAL REPORT

ABOUT THE PACT

The Powering Net Zero Pact ('the Pact') is an initiative created by SSE with 10 other founding partners as a legacy of COP26. It brings together different companies across all tiers of the power sector – including civils, shipping, renewables, electrical engineering and others – that are committed to a fair and just transition to net zero carbon emissions.

The pact has welcomed 9 new member organisations over its first year and together, all signatories of the Pact operate across more than 120 countries, had a combined annual turnover in 2022 of more than £75bn, are responsible for the livelihoods of over 350,000 employees, and work with more than 170,000 suppliers globally.

The Pact focuses on five areas of ambition: achieving net zero carbon emissions; protecting and enhancing the natural environment; transitioning to a circular economy; guaranteeing fair work and sustainable jobs; and adding value to local communities.

This first Annual Report for the period to 30 April 2023 aims to provide disclosure on the progress of the Pact, its members' status against the commitments, progress against the working group KPI's and overall growth in membership and outline key priorities for year two.

5 AREAS OF AMBITION	5 SHARED COMMITMENTS	5 TOPICS FOR COLLABORATION
Achieve net zero carbon emissions	Work towards science-based carbon targets, aligned to 1.5 degrees by 2025*	Develop understanding and quantification of scope 3 carbon emissions
Protect and enhance the natural environment	By 2025, publicly disclose wider environment metrics, including water use, air quality and biodiversity, recognising the importance of the wider natural environment in getting to net zero	Share approaches to managing, protecting and enhancing biodiversity, with the aim of developing a framework for achieving Biodiversity Net Gain
Transition to a circular economy	By 2025, set a waste reduction target through the incorporation of circularity	Develop innovative products and construction methods to increase resource efficiency and design out waste
Guarantee fair work and sustainable jobs	Create a roadmap for the skills needed for net zero and guarantee fair work standards: <ul style="list-style-type: none"> Aim to prevent all life-changing safety incidents Work towards paying all workers at least a real Living Wage Acknowledge the right to freedom of association for all workers Recognise the importance of greater inclusion and diversity, with targets publicly disclosed by 2025 Implement a robust approach to good business ethics with clear channels for speaking up against wrong-doing. 	Develop a targeted modern slavery and human rights abuse risk-based approach across global supply chains
Add value to local communities	Identify and commit to common responsible developer, constructor and operator principles by 2025	Develop and nurture competitive, local supply chains close to assets
UNDERPINNED BY A SHARED STRATEGIC APPROACH		
Business strategies aligned to the UN's Sustainable Development Goals	Sustainability questions included in tenders and sustainability requirements rolled out through supply chains	Annual meeting of signatories to review commitments and continue ambitious progress



* Where companies face significant technological and methodological challenges for setting SBTs, a commitment to working towards SBTs with an annual update on progress will be accepted.

FOUNDING PARTNERS



NEW MEMBERS FROM MAY 2022



TOGETHER PACT COMPANIES:

Employee >350,000 people globally	Work with >170,000 suppliers	Have operations in >120 countries	Have a combined annual turnover last year of >£75BN
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Find out more at: www.sse.com/pnzp

POWERING NET ZERO PACT COMMITMENTS

5 SHARED COMMITMENTS	PACT MEMBER							
	SSE	RJ McLeod	Balfour Beatty	GE	Vestas	Siemens Energy	Hitachi Energy	Siemens Gamesa
Work towards science-based carbon targets, aligned to 1.5 degrees by 2025*	Green	Green	Amber	Grey	Green	Green	Green	Green
By 2025, publicly disclose wider environment metrics, including water use, air quality and biodiversity, recognising the importance of the wider natural environment in getting to net zero	Green	Amber	Green	Grey	Green	Amber	Amber	Green
By 2025, set a waste reduction target through the incorporation of circularity	Amber	Amber	Green	Grey	Green	Amber	Green	Green
Create a roadmap for the skills needed for net zero and guarantee fair work standards: <ul style="list-style-type: none"> Aim to prevent all life-changing safety incidents Work towards paying all workers at least a real Living Wage Acknowledge the right to freedom of association for all workers Recognise the importance of greater inclusion and diversity, with targets publicly disclosed by 2025 	Green	Amber	Green	Grey	Green	Green	Green	Green
Implement a robust approach to good business ethics with clear channels for speaking up against wrong-doing	Green	Amber	Green	Grey	Green	Green	Green	Green
Identify and commit to common responsible developer, constructor and operator principles by 2025	Amber	Amber	Amber	Grey	Amber	Amber	Amber	Amber

Green = target set and on track to deliver or delivered
Amber = some way towards achieving this, target set, and work undertaken to achieve it.
purple = committed to set future science-based target, but is not yet permitted to submit to SBTi.
Grey = No information provided due to ongoing company restructure

5 SHARED COMMITMENTS	PACT MEMBER											
	DEME	Subsea 7	NKT	BAM	Nexans	Linxon	James Fisher	Jan De Nul	Jacobs	Fugro	Smulders	Alittec
Work towards science-based carbon targets, aligned to 1.5 degrees by 2025*	Amber	Amber	Green	Amber	Green	Amber	Grey	Amber	Green	Amber	Green	Amber
By 2025, publicly disclose wider environment metrics, including water use, air quality and biodiversity, recognising the importance of the wider natural environment in getting to net zero	Amber	Amber	Amber	Green	Amber	Amber	Grey	Amber	Green	Green	Green	Green
By 2025, set a waste reduction target through the incorporation of circularity	Amber	Amber	Green	Green	Green	Amber	Grey	Amber	Amber	Green	Amber	Amber
Create a roadmap for the skills needed for net zero and guarantee fair work standards: <ul style="list-style-type: none"> Aim to prevent all life-changing safety incidents Work towards paying all workers at least a real Living Wage Acknowledge the right to freedom of association for all workers Recognise the importance of greater inclusion and diversity, with targets publicly disclosed by 2025 	Green	Green	Green	Green	Green	Green	Grey	Green	Green	Green	Green	Green
Implement a robust approach to good business ethics with clear channels for speaking up against wrong-doing	Green	Green	Green	Green	Green	Green	Grey	Green	Green	Green	Green	Green
Identify and commit to common responsible developer, constructor and operator principles by 2025	Amber	Amber	Amber	Green	Amber	Amber	Grey	Amber	Amber	Green	Amber	Amber

Governance and operating structure of the Pact Steering Committee and Working Groups

The Steering Committee is formed of the 11 founding companies. The purpose of the Steering Group is to set and deliver on the strategic objectives of the Pact and to grow Pact membership.

The key objectives of the Steering Group include:

- Undertaking the annual review and reporting of progress against the commitments and areas of collaboration of the Pact.
- Assess progress of the Pact and strategic direction.
- Facilitate discussions to share examples of best practice.
- Understand tangible opportunities to drive change through innovation and partnership with Pact signatories.
- Ensure there is a clear programme for delivering and engaging with stakeholders as appropriate.

The Steering Group will meet at least twice per year, with additional meetings optional. The five Working Groups of the Pact will provide an update on activities, progress and deliverables to the Steering Group on an annual basis, following their March meetings.

The Working Groups are open to and include all Pact companies. The purpose of the Working Groups is to facilitate the discussions needed to understand tangible opportunities to deliver on the identified area of collaboration.

The key objectives of the Working Groups include:

- Facilitate discussions to share examples of best practice.
- Find opportunities to deliver tangible actions which address the area of collaboration outlined, including through sub-groups if appropriate.
- Understand tangible opportunities to drive change through innovation and partnership with Pact signatories.
- Agree common approach to supply chain requirements where possible.
- Ensure there is a clear programme for delivering and engaging with stakeholders as appropriate.

NET ZERO WORKING GROUP

“SSE have set an ambitious task in establishing the Powering Net Zero Pact (PNZP), bringing together the sector to tackle the challenges of achieving net zero. It has been exciting to see the PNZP gain momentum over the past year with new members joining. The threat of climate change and protecting the environment unites companies that are usually competitors and requires us to work together. We are starting to see the impact that we can have collectively in addressing engagement in our supply chains. As we start year two of the PNZP we are all set to start delivering our plans.”

Sarah Handley, Head of Sustainability and Environmental Governance, Siemens Energy, and Chair of the Net Zero Working Group of the Powering Net Zero Pact



NUMBER OF MEETINGS HELD

4

NUMBER OF PARTICIPANTS

26

NUMBER OF COMPANIES

15

COMPANIES IN THE NET ZERO WORKING GROUP



AGREED PRIORITIES

The priorities agreed in the Net Zero Working Group aim to make it easier to engage Small Medium Enterprises (SMEs) in measuring and reporting carbon emissions. In the initial exploration of the topic, it was clear that larger global firms are better equipped to respond to customer requests for data as they are subject to regulatory reporting requirements. It is more difficult for smaller companies, especially when they may receive multiple requests for information from different customers that use different terms and language. The working group agreed that the priority is to provide support for SMEs by developing a best practice guide to meet the following objectives:

- Define the scope and purpose of supplier assessments and their intended outcomes (for example, Tender/PPQ or an Annual Survey).
- Agree a 'minimum data set' for surveys.
- Standardise the language used in key data by developing a glossary of terms.
- Develop a simple guide on how to calculate emissions.
- Include a description of accreditations, certifications, and standards with guidance on scope and purpose.
- Develop a 'Net Zero supply chain' training route using external partners to address carbon literacy in Procurement teams so that they can support SMEs.

AGREED JOINT DELIVERABLES

The output from the Net Zero Working Group will be a central resource that can be used to support engagement with supply chain, with a particular focus on SMEs. A key component is the provision of a best practice guide that will help an SME to focus on the first steps for measuring their carbon footprint. A glossary will be compiled to explain the terms commonly used in Scope 3 surveys and some simple training guides on how to calculate emissions.

Year 1 progress

Year one has been focused on gathering the right people together and understanding what can collectively be delivered. At the end of the first year there is a clear plan for delivering outputs to achieve the goals of the PNZP.

Year 2 priorities

Year two will focus on piloting best practice resources with supply chain and getting feedback. While continuing to progress a training roadmap for procurement teams and develop measurable KPIs for Scope 3 supply chain reporting.

CASE STUDY

LOW-CARBON COPPER

NKT produced cables for Dogger Bank C, the third phase of the world's largest offshore wind farm, using low-carbon copper sourced from a mine in Sweden. The initiative created a reduction in the carbon footprint of the HVDC power cables by more than 35 % and is part of NKT's ambition to become a net-zero emissions company no later than 2050.

NKT, its supplier and customers entered into an agreement to use low-carbon copper for the 320 kV HVDC cables, which NKT is delivering to the Dogger Bank C in the North Sea, that is being developed by SSE Renewables, Equinor and Eni Plenitude. The use of low-carbon copper has reduced the carbon footprint of the HV power cable system by more than 23,000 metric tons of CO_{2eq}/kg,¹ which is equivalent to 7,700 average family cars driven for one year.²



¹ Low-carbon copper from Boliden has a carbon footprint of less than 1,5 kg CO_{2eq}/kg of copper (validated by third party Intertek Certification GmbH), which is significantly lower than the European average of 4,1 kg CO_{2eq}/kg of copper.
² Gasoline-powered family cars. Source: EPA-United States Environmental Protection Agency.

Andy Allan

BIODIVERSITY WORKING GROUP

“Following the agreement reached at the UN Conference of Biological Diversity (COP15) which was described as “a historic agreement to protect a third of the planet for nature by 2030”, it’s clear that it is critical that we be ambitious in our fight to protect and conserve biodiversity. Enabling accurate measurement and monitoring of our impact on biodiversity is key in holding us accountable to achieving Biodiversity Net Gain (BNG) targets. Bringing together the companies involved in the Pact provides a great platform to align our approach, share learnings and best practice and agree on the priorities for our industry.”

Andy Allan, Lead Environment Manager (Onshore), SSE Renewables, and Chair of the Biodiversity Working Group of the Powering Net Zero Pact



NUMBER OF MEETINGS HELD

3

NUMBER OF PARTICIPANTS

11

NUMBER OF COMPANIES

8

COMPANIES IN THE BIODIVERSITY WORKING GROUP



AGREED PRIORITIES

The priorities agreed in the Biodiversity Working Group aim to find a common approach to create frameworks which support the measurement and delivery of Biodiversity Net Gain, in onshore and offshore environments.

AGREED JOINT DELIVERABLES

The initial focus for this first year has been to review each organisation’s current position with regards to biodiversity to assess targets/opportunities/gaps. Following the completion of this review, the group is aiming to identify standardised approaches to identifying and mitigating biodiversity impacts.

Year 1 Progress:

- Brought together the right group of people from each organisation to facilitate open discussion and share existing processes and practices.
- Used the information to understand each member organisation’s existing approach to biodiversity, including ambitions, targets and progress.
- Completed an analysis of COP15 outputs and identify common areas of alignment/opportunity.

Year 2 priorities:

Next year the group will aim to utilise all the shared learnings to create or adopt a standardised scope and approach for identifying biodiversity impacts.

To support this the group will also prioritise the identification and agreement on a common approach to measuring biodiversity.

CIRCULARITY WORKING GROUP

“This year we have once again seen circularity within the global economy shrink - we are now only 7.2% circular. At the same time, we are seeing the power industry feature more prominently in the spotlight for investment and growth within the UK. As the perceived value of our work to sustainable development is increasing, so is the urgency to ensure we lead decarbonisation through a functional circular economy. Over the last 12 months, the members of our Working Group have collaborated to identify the main barriers to circularity in the power industry, and will use the next 12 months to challenge these barriers and build our common future without waste.”

Ashley Oates, Head of Environment and Sustainability, Balfour Beatty, and Chair of the Circularity Working Group of the Powering Net Zero Pact



NUMBER OF MEETINGS HELD

3

NUMBER OF PARTICIPANTS

12

NUMBER OF COMPANIES

13

COMPANIES IN THE CIRCULARITY WORKING GROUP



Challenging today. Reinventing tomorrow.

CASE STUDY

AGREED PRIORITIES

The priority of the working group is to identify a common approach to improving waste reduction through recycling and circularity.

AGREED JOINT DELIVERABLES

- To agree a shared and clearly defined terminology to be used across the sector.
- To develop an agreed reporting methodology.
- To find a shared systematic approach to Environmental Product Declarations.
- To reintroduce a materials sharing platform that works for all.

Year 1 Progress:

Individuals from all member organisations have interacted to facilitate circularity discussions and express opinion on challenges faced within supplier interactions. A priority to integrate Circularity capacity within pre-qualification question sets has been identified.

Each company has shared insight on their existing processes or procedures, creating convergence on dialogue related to common challenges with data integrity. A bank of Waste Management status reports has been created.

External voices were invited to share translatable best practices to drive cultural transformation and engineering for circularity. Onward, independent, networking has been arranged as follow up from these sessions.

Year 2 priorities:

- Investigate a common Site Waste Reduction Protocol as an Industry standard.
- Align language, terminology and reporting format across industry: Create a dictionary of terms specific to our industry.
- Design and procurement: Circularity in Corporate DNA.

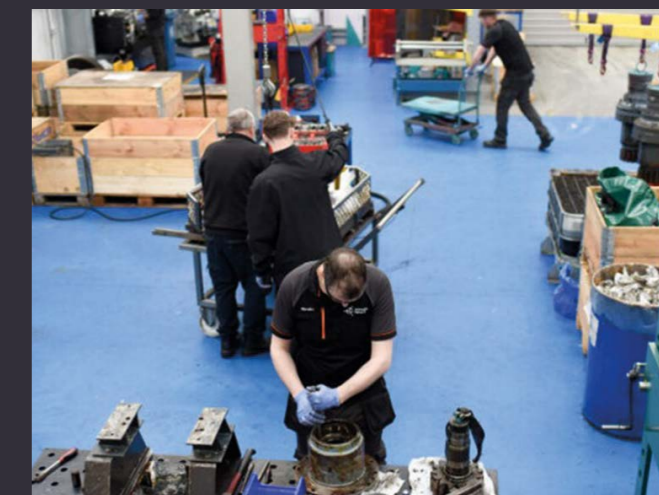
COALITION FOR WIND INDUSTRY CIRCULARITY (CWIC)

CWIC: There's no time to waste!

CWIC has been set-up to drive the creation of a circular supply chain for renewables in the UK. Typically, when wind turbine parts fail or reach the end of their life, they are replaced by new components, with old parts mostly ending up as scrap. CWIC aims to change this, and establish a new, UK-based supply chain capable of moving towards a circular approach for replacing onshore and offshore wind components with reused, refurbished or remanufactured parts. This will not only be critical for meeting net zero ambitions and supporting energy security, but also has the potential to create thousands of jobs and support economic growth in communities through a local, home-grown supply chain.

Analysis, which was commissioned by the CWIC, and undertaken by BVG Associates, found around 120,000 wind turbines (584GW of capacity) are forecast to be operational across the UK, Belgium, Denmark, France, Germany, the Netherlands, Poland, Portugal, Spain and Sweden by 2035. According to this new analysis, a UK supply chain capable of refurbishing just 10 out of the thousands of parts which make up a single wind turbine could access a European-wide market worth almost £10bn to UK GDP between 2025 and 2035. Building the capabilities to refurbish wind turbine parts in the UK could also generate more than 20,000 full-time equivalent jobs by 2035 and prevent more than 800,000 tonnes of parts from being scrapped.

CWIC was launched in March 2023, with several members of the Pact joining SSE Renewables to support the new initiative and demonstrate commitment to a more circular economy. This included GE Renewables, Vestas and Siemens Gamesa, who came together as some of the world's biggest turbine manufacturers to show the need for collaboration and more open communication on the barriers and opportunities of building a circular supply chain.



HUMAN RIGHTS WORKING GROUP

“As power systems in the advanced world work towards net zero through the 2030’s what we can’t allow is the abuse of fundamental human rights in the places we source our raw materials from. This Working Group is finding its feet and seeks new and better ways to protect those rights.”

Robin Prince, UK Account Manager, Hitachi Energy, and Chair of the Human Rights Working Group of the Powering Net Zero Pact



NUMBER OF MEETINGS HELD

3

NUMBER OF PARTICIPANTS

9

NUMBER OF COMPANIES

10

COMPANIES IN THE HUMAN RIGHTS WORKING GROUP



AGREED JOINT DELIVERABLES

Year 1 Progress:

- Bring together a wide range of topics and good practices from across the industry.
- Understood how wide ranging the issue is and what is needed to break the issue down into manageable bite size pieces. Agreed the focus for year two and bring in the right support to really help drive forward the working group.

Year 2 priorities:

- Focus on human rights issues within critical mineral sourcing, which is a high risk area for the sector with lack of transparency and visibility.
- Aim to work with industry bodies and develop a framework for responsible sourcing.

AGREED PRIORITIES

Focus on critical mineral sourcing and other high-risk areas as a priority

LOCAL SUPPLY CHAINS WORKING GROUP

“Following an initial discussion and brainstorm, our Working Group decided to focus on a specific and achievable initiative. Our goal was to support competitive, local supply chains close to assets. We approached this by looking at the current skills gap that the supply chain is facing. In response to this, we decided to create an engagement toolkit to target young people exploring different career paths. Using a renewable project timeline as our framework, our aim is to raise awareness on renewable energy, specifically offshore wind and careers in the renewable energy sector: ranging from vocational to higher education jobs.”



Françoise Schorosch, Global Offshore Wind External Engagement and Policy Manager, GE Renewable Energy, and Chair of the Local Supply Chains Working Group of the Powering Net Zero Pact

NUMBER OF MEETINGS HELD

6

NUMBER OF PARTICIPANTS

15

NUMBER OF COMPANIES

11

COMPANIES IN THE LOCAL SUPPLY CHAINS WORKING GROUP



AGREED PRIORITIES

- Collaboration and sharing/leveraging best practice of what we are already doing in our own companies.
- Support local communities.
- Identify skills gap.
- Engage with schools / students/young people to raise awareness on jobs in RE and the skills needed in those jobs.
- Agree joint deliverables.
- Create a digital outreach toolkit.

AGREED JOINT DELIVERABLES

- Outreach / STEM/ School – engagement tool.
- Showcase OFW skills opportunities.
- Support local supply chain / skills.
- Identify skills opportunities.
- Data / metrics.

Year 1 Progress :

- STEM outreach event / materials to share (Wind Farm Timeline).
- Raise awareness/educate about offshore wind industry.
- Respond to skills gap via outreach to schools / apprentices.
- Unite around a common goal and mission.
- Identify initiative that was achievable and could be measured and replicated.

Year 2 priorities:

- STEM Outreach local schools.
- Support local supply chain / suppliers.
- Address skills gap.
- Launch engagement with different audiences – virtual tool will facilitate outreach.
- Share best practice case studies with the group.
- Take inspiration from members’ initiatives, for example from the outstanding work undertaken by RJ McLeod’s and Siemens Energy, who has a Newcastle United Foundation and STEMETTES, and GE who has This is Me Spotlight and Girls Get Set.

CASE STUDY

ACTIVE IN THE COMMUNITY

In 2020, RJ McLeod (RJM) were awarded the main contract to build the 103-turbine Viking Wind Farm, one of the largest contracts of this type ever awarded in Scotland. RJ McLeod have since then made every effort to contribute sustainably to local communities in Shetland. Doing so through local employment programmes and supporting community initiatives.

During the summer of 2022 SSE Renewables and RJM attended the SCDI stem event in Lerwick. The event was attended by Marianne Stevenson, Design Management Engineer, and Eilidh Mackenzie, Summer Civil Engineering Student, who delivered a challenge to build a paper cup tower using just paper cups, elastic bands and string - for Primary aged children. Many of the local primary schools were involved and prior to the summer holidays they visited the Viking wind farm site as part of the SSER School visit programme.

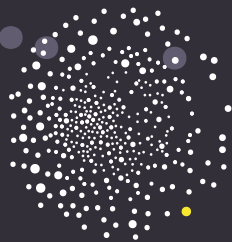


Interested in signing up to the Pact?

If your organisation wants to be involved in driving forward a just energy transition to net zero, then there are just a few simple requirements for Powering Net Zero Pact signatories:

- You are involved in some part of the power sector (it doesn't matter which part!);
- You meet all five of the shared commitments; and
- You are willing to participate in an action-focused working group for at least one of the five collaboration topics.

To get involved contact poweringnetzeropact@sse.com.



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