

F0. Introduction

---

F0.1

---

**(F0.1) Give a general description of and introduction to your organization.**

SSE is a UK-listed energy company, operating across the UK and Ireland and in carefully selected international markets including East Asia, Europe and North America. It is involved in the generation, transmission, and distribution of electricity; and in the supply of electricity, gas and related services to customers. It is a leading generator of renewable electricity in the UK and Ireland and one of the largest electricity network companies in the UK. SSE’s purpose is to provide energy needed today while building a better world of energy for tomorrow; and its vision is to be a leading energy company in a net-zero world. Its strategy is to create value for shareholders and society in a sustainable way by developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero.

SSE’s strategy is aligned to the ambitions set out in the Paris Agreement and an accelerated power sector pathway to net zero consistent with global warming of no more than 1.5oC. SSE also aims to increase the resilience of its business by adapting to the impact of a changed climate.

Aligned to the UN Sustainable Development Goals (SDGs) most material to SSE’s business activities, SSE’s 2030 Goals are four core business goals focused on addressing the challenge of climate change in a just and fair way – cutting carbon intensity by 80%; increasing renewable energy output fivefold; enabling low carbon generation and demand; and championing a fair and just energy transition. They provide a framework for the Company as it works towards its net zero ambitions, ensuring that as it does, it creates and shares value with its stakeholders along the way.

**CDP Forest Report:** For this response, SSE has focused on the material timber-related activities which take place in two of its business areas:

- **SSEN Distribution:** uses wooden structures to distribute electricity to customers in its licence areas. This is the most material aspect of timber use in this business area. SSEN Distribution procures around £2 - £3m worth of wooden poles annually for new projects and to maintain existing networks.

- **SSE Distributed Energy:** has interests in the UK’s largest dedicated combined heat and power plant in the UK (Slough Heat and Power) which uses waste wood to generate electricity. The waste wood used to generate electricity is defined as renewable under the UK government’s climate change legislation. With a capacity of 15MW, Slough Heat and Power generated 68GWh of electricity in 2022/23, meaning that the site represented 0.1% of SSE’s total capacity and 0.2% of its total output. Slough Heat and Power represents an immaterial share of SSE’s operations, therefore most of this response will focus on SSEN Distribution’s interaction with forest-related products.

F0.2

---

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	April 1 2022	March 31 2023

F0.3

---

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

GBP

F0.4

---

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.**

## Timber products

### Commodity disclosure

Disclosing

### Stage of the value chain

Manufacturing

### Are you disclosing information on embedded commodities?

Yes

### Explanation if not disclosing

<Not Applicable>

## Palm oil

### Commodity disclosure

This commodity is not produced, sourced or used by our organization

### Stage of the value chain

<Not Applicable>

### Are you disclosing information on embedded commodities?

<Not Applicable>

### Explanation if not disclosing

<Not Applicable>

## Cattle products

### Commodity disclosure

This commodity is not produced, sourced or used by our organization

### Stage of the value chain

<Not Applicable>

### Are you disclosing information on embedded commodities?

<Not Applicable>

### Explanation if not disclosing

<Not Applicable>

## Soy

### Commodity disclosure

This commodity is not produced, sourced or used by our organization

### Stage of the value chain

<Not Applicable>

### Are you disclosing information on embedded commodities?

<Not Applicable>

### Explanation if not disclosing

<Not Applicable>

## Other - Rubber

### Commodity disclosure

This commodity is not produced, sourced or used by our organization

### Stage of the value chain

<Not Applicable>

### Are you disclosing information on embedded commodities?

<Not Applicable>

### Explanation if not disclosing

<Not Applicable>

## Other - Cocoa

### Commodity disclosure

This commodity is not produced, sourced or used by our organization

### Stage of the value chain

<Not Applicable>

### Are you disclosing information on embedded commodities?

<Not Applicable>

### Explanation if not disclosing

<Not Applicable>

**Other - Coffee**

**Commodity disclosure**

This commodity is not produced, sourced or used by our organization

**Stage of the value chain**

<Not Applicable>

**Are you disclosing information on embedded commodities?**

<Not Applicable>

**Explanation if not disclosing**

<Not Applicable>

F0.5

---

**(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported**

Operational control

F0.6

---

**(F0.6) Select the countries/areas in which you operate.**

Ireland

United Kingdom of Great Britain and Northern Ireland

F0.7

---

**(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

Yes

F0.7a

---

**(F0.7a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.**

**Forest risk commodity**

Timber products

**Value chain stage**

Direct operations

**Exclusion**

Business activity

**Description of exclusion**

This report excludes any joint ventures in which SSE does not have operational control. For a full list of SSE's subsidiary undertakings, partnerships, joint ventures and associates, please refer to pages 289 to 299 of SSE's Annual Report 2023.

**% of volume excluded**

<1%

**Potential for forests-related risk**

No potential

**Please explain**

Environment data is covered by Joint Ventures in other regulatory and annual reporting communications. With regards to the timber products covered in this questionnaire, SSE has no joint ventures in its electricity Distribution business (SSEN Distribution) or its biomass generation activity in SSE Distributed Energy. SSE's JV activities have minimal forest-related products or risks and are therefore excluded.

---

**Forest risk commodity**

Timber products

**Value chain stage**

Direct operations

**Exclusion**

Country/ geographical area

**Description of exclusion**

SSE has operations in Ireland and its renewables business has activities outside the UK and Ireland. Minimal forest-related products are used in these activities and they are deemed immaterial, and are therefore excluded.

**% of volume excluded**

<1%

**Potential for forests-related risk**

No potential

**Please explain**

There are minimal forest-related products used and are therefore excluded.

---

**F0.8**

**(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	GB0007908733

**F1. Current state**

---

**F1.1**

---

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

**Timber products**

**Activity**

Other, please specify (Waste wood used as fuel source for power generation & Wooden poles for electricity distribution. )

**Form of commodity**

Softwood logs

Other, please specify (Waste-wood for bioenergy generation & Softwood logs for distribution poles )

**Source**

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

**Country/Area of origin**

Finland

United Kingdom of Great Britain and Northern Ireland

**% of procurement spend**

<1%

**Comment**

Slough Heat and Power uses waste wood (classified by the Environment Agency regulations) to generate electricity. All of suppliers of waste wood are based in the UK. The electricity generated is eligible for Renewable Obligation Certificates (ROCs) as classified by Ofgem, the regulator for gas and electricity markets in Great Britain. To receive ROCs, the waste wood has to meet specific criteria. This criteria is that it is 'waste' wood and not raw timber and that it is of a certain grade of waste as specified by the Environment Agency. Slough Heat and Power uses only waste wood to generate electricity.

SSEN Distribution owns and operates the electricity distribution network in the north of Scotland and central southern England, delivering energy to around 3.9 million homes and businesses. These networks use wooden poles to support the overhead lines to distribute energy to its customers. In 2022/23, SSEN procured around £3.5m worth of wooden poles out of a total procurement spend for the Group of around £3.7bn. These wooden poles were by sourced from Finland.

**F1.2**

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	<1%	While low value spend, overhead wood poles provide a significant function in supporting SSEN Distribution's network. Reported revenue for SSEN Distribution in 2022/23 was £1.1bn out of a total reported revenue for the SSE Group of £12.5bn, accounting for around 9%. A vast majority of the existing overhead line infrastructure is already in place and will not require extensive replacement, whilst many distribution lines have already been undergrounded in the SEPD (Southern Electric Power Distribution) network licence area in central southern England. Purchasing new poles for its networks represents under 1% of SSE Group's revenue.  Reported revenue for SSE Distributed Energy was only 1% of SSE Group's total reported revenue for 2022/23, and this accounts for much more business activity than power generation at Slough Heat and Power, therefore it has not been included in the percentage of revenue dependent on commodity.
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F1.5**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption and production data available, disclosing
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F1.5a**

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

**Forest risk commodity**

Timber products

**Data type**

Consumption data

**Commodity production/ consumption volume**

109949

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Yes

**% of reported volume verified as deforestation- and/or conversion-free**

100

**Please explain**

SSE's Slough Heat and Power station receives waste wood from its suppliers. This waste wood is then used as bioenergy to generate electricity. The data presented is in tonnes of waste wood that is burnt at the Slough Heat and Power station. In 2022/23 the output from Slough Heat and Power station was 68GWh. The capacity of the power station is 15MW. The waste wood that is burnt at the power station is classed as renewable energy under the UK Government legislation and is eligible for Renewable Obligation Certificates (ROCs) as classified by Ofgem, the regulator for gas and electricity markets in Great Britain. To receive ROCs the waste wood has to meet specific criteria. This criteria is that it is 'waste' wood and not raw timber and that it is of a certain grade of waste as specified by the Environment Agency. Slough Heat and Power uses only waste wood to generate electricity.

---

**Forest risk commodity**

Timber products

**Data type**

Consumption data

**Commodity production/ consumption volume**

3470603

**Metric for commodity production/ consumption volume**

Other, please specify (GBP)

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Yes

**% of reported volume verified as deforestation- and/or conversion-free**

100

**Please explain**

SSEN Distribution uses wooden poles in its electricity network to support the overhead lines to distribute energy to its customers. In 2022/23, SSEN procured around £3.5m worth of wooden poles. SSEN has specifications in place for procurement of wooden poles. The terms used in this specification are those quoted in ENA TS 43-88 and BS EN 14229:2010. All suppliers considered for supply are required to demonstrate certification in ISO 9001 and ISO 14001. The current supplier of SSEN's overhead line poles obtains their poles from forests in Finland. The forests are certified by the PEFC (Programme for the Endorsement of Forest Certification). This accreditation is similar to the Forest Stewardship Council (FSC) and seeks to tackle deforestation and protect forests by promoting sustainable forest management through certification.

---

**F1.5b**

**(F1.5b) Provide a breakdown of your DCF and non-DCF volumes relevant to your stage in the supply chain according to how verification is achieved and the highest level of traceability, respectively.**

**Timber products – DCF**

**% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion**

0

**% of DCF production/consumption volume verified through monitoring systems**

100

**% of DCF production/consumption volume physically certified**

0

**% of non-DCF production/consumption volume from unknown origin**

<Not Applicable>

**% of non-DCF production/consumption volume traceable only as far as country level**

<Not Applicable>

**% of non-DCF production/consumption volume traceable only as far as sub-national area**

<Not Applicable>

**% of non-DCF production/consumption volume traceable only as far as processing facility level**

<Not Applicable>

**% of non-DCF production/consumption volume traceable to production unit level**

<Not Applicable>

**Total percentage of production/consumption volume reported (DCF) [auto-calculated]**

100

**Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]**

<Not Applicable>

**Timber products – Non DCF**

**% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion**

<Not Applicable>

**% of DCF production/consumption volume verified through monitoring systems**

<Not Applicable>

**% of DCF production/consumption volume physically certified**

<Not Applicable>

**% of non-DCF production/consumption volume from unknown origin**

0

**% of non-DCF production/consumption volume traceable only as far as country level**

0

**% of non-DCF production/consumption volume traceable only as far as sub-national area**

0

**% of non-DCF production/consumption volume traceable only as far as processing facility level**

0

**% of non-DCF production/consumption volume traceable to production unit level**

0

**Total percentage of production/consumption volume reported (DCF) [auto-calculated]**

<Not Applicable>

**Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]**

0

**F1.5c**

**(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Timber products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

The current supplier of SSEN's overhead line poles obtains their poles from forests in Finland. This covers all of the wooden overhead line poles procured by SSE. The forests are certified by the PEFC (Programme for the Endorsement of Forest Certification). This accreditation is similar to the Forest Stewardship Council (FSC) and seeks to protect forests by promoting sustainable forest management through certification.

## F1.6

---

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## F1.7

---

**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

**Forest risk commodity**

Timber products

**Have you monitored or estimated your deforestation/conversion footprint?**

No, and we do not plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

---

## F2. Procedures

---

### F2.1

---

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

---



**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

**Timber products**

**Value chain stage**

Direct operations  
Supply chain

**Coverage**

Full

**Risk assessment procedure**

Assessed as part of other company-wide risk assessment system

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods

**Issues considered**

Availability of forest risk commodities  
Quality of forests risk commodities  
Tariffs or price increases  
Loss of markets

**Stakeholders considered**

Customers  
Suppliers

**Please explain**

SSE undertakes supplier due diligence, undertaking appropriate enquiries into suppliers with the purpose of identifying, assessing and mitigating risks associated with entering into a contract with them. This covers three key areas: Anti-financial crime, financial stability, and ethical and sustainability. SSE also conducts biennial 'Health Checks' on its suppliers with greater than £2,000,000 spend per annum, across these three key areas identified. The ethical and sustainability risk assessment specifically covers consideration of environmental issues which, depending on the product being procured, will cover forest-related risks.

In addition to this, SSE implements a category management approach, which is a strategic approach to procurement where spend is segmented into areas which contain similar or related products enabling opportunities for consolidation and efficiency, whilst ensuring the particular needs and priorities of individual business units are fully addressed. It covers key areas of expenditure across 15 major categories, one of which is Overhead Lines.

Each category is managed by a Category Manager with a supporting category management approach that is governed by a three-stage process (requirements, opportunity and delivery). Every 12 months each Category Manager produces a Strategic Category Plan. Our Category Managers focus on market analysis, detailed assessment of our supply chain and sourcing to ensure individual categories have a specific procurement approach defined to achieve value for money.

SSE considers risks relating to wood poles over the period of the contracts with the supplier (around 5 years), and considers them when planning for the RIIO price controls. RIIO is the GB energy regulator's (Ofgem) process for setting targets and measuring progress and is done over set timeframes. The RIIO-ED2 price control for its electricity distribution business will run from 2023 to 2028.

**F2.2**

**(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?**

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F2.2a**

**(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).**

**Forest risk commodity**

Timber products

**Scope of value chain mapping**

Tier 1 suppliers

**% of total suppliers covered within selected tier(s)**

1

**Description of mapping process and coverage**

The products SSE procures are split into different categories through the category management approach. SSE has one single supplier of overhead wood poles for its electricity distribution business. SSE’s total supply chain consists of around 9,000 suppliers, therefore the percentage of total suppliers covered is less than 1%. SSE has visibility of where its supplier procures obtains the wood poles from, which is Finland.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers’ production and primary processing sites: attach a list of names and locations (optional)**

**F2.3**

**(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?**

	Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each sourcing area (optional)
1	No, but we plan to in the next two years	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F3. Risks and opportunities**

**F3.1**

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F3.1a**

### (F3.1a) How does your organization define substantive financial or strategic impact on your business?

#### Definition of substantive financial or strategic impact:

SSE follows the guidance and definitions relating to risk management as outlined in the FRC Corporate Governance Code. Its Principal Risks are therefore those risks that have the potential to impact the liquidity, solvency or business model of one or more of the core Business Units and/or of the Group as a whole to be substantive. SSE only accepts risk when: it is consistent with its core purpose, strategy and values; is well understood; can be effectively managed; is in line with stakeholder expectations and offers commensurate reward. SSE defines risk as any event or circumstance that has potential to threaten achievement of its strategic objectives or compromise its business values.

In determining its appetite for specific risks, the Board is guided by three key principles:

1. Risks should be consistent with SSE's core purpose, financial objectives, strategy and values;
2. Risks should only be accepted where relevant approvals have been attained through the Governance Framework to confirm appropriate reward is achievable on the basis of objective evidence and in a manner that is consistent with SSE's purpose, strategy and values; and
3. Risks should be actively controlled and monitored through the appropriate allocation of management and other resources, underpinned by the maintenance of a healthy business culture.

The Board aims to consider all material influencing factors and key external trends in the energy market, including those relating to climate change, and aims to do so in a way that reflects the expectations of SSE's key stakeholder groups. These material influencing factors also have an impact on the nature and extent of risks the Board is willing to take to meet these objectives, and related mitigation strategies adopted by the Group. Material changes in the nature and potential impacts of SSE's Group Principal Risks are regularly assessed by the oversight committees with appropriate mitigations implemented where necessary. SSE's Group Executive Committee (GEC) and its sub-Committees have responsibility for overseeing SSE's eleven Principal Risks, of which Climate Change is one. All Principal Risks are reviewed by the Board.

#### Description of the indicators to define substantive financial or strategic impact:

SSE's Group Risk Management Framework is complemented by a specialist TCFD climate assessment that identifies and assesses climate opportunity and risk in the short, medium and long term. The climate risk assessment involves senior business leader interviews supported by ongoing business unit risk assessments to capture and understand a long list of climate opportunities and risks. A materiality test is completed, and a final list of significant climate opportunities and risks defined.

Materiality is tested for each climate opportunity or risk based on its ability (likelihood and impact) to have a substantive potential financial impact on SSE's strategy or significant impact on SSE's stakeholders across the time horizons identified by SSE for climate opportunity and risk assessment.

Likelihood - the probability of the risk or opportunity impacting SSE or its stakeholders in one or more of the three defined time horizons:

- **Low** (exceptionally unlikely to unlikely to occur);
- **Medium** (about as likely as not or more than likely than not to occur); and
- **High** (very likely to virtually certain to occur).

Financial impact - the potential financial impact of the risk or opportunity to SSE or its stakeholders in one or more of the three define time horizons:

- **Low** - <£100m annualised EBIT;
- **Medium** - >£100m <£200m annualised EBIT; and
- **High** >£200m annualised EBIT.

In terms of governance, the Audit Committee oversees the annual TCFD report within SSE's Annual Report and the Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC) oversees SSE's activities on climate adaptation.

All forest-related risks outlined in the following answers would all have low financial materiality to the SSE Group.

### F3.1b

#### (F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

##### Forest risk commodity

Timber products

##### Type of risk

Regulatory

##### Geographical scale

Global

##### Where in your value chain does the risk driver occur?

Direct operation

Supply chain

##### Primary risk driver

Non-compliance with national legislation

##### Primary potential impact

Fines, penalties or enforcement orders

##### Company-specific description

Creosote is a wood preservative that is used to protect treated wood against insects and fungi. Creosote has been found to be carcinogenic and has been banned for general consumer use in the EU market since 2003. Some industries still have authorisation to use it, including the electric utilities, telecoms and rail industries for use on wooden poles and rail sleepers.

This exemption was due to end in 2021, however has been extended out to 2027 in the EU and SSE expects that the UK will follow this timeframe as well. However, it is believed that this will be the last extension available.

There are some alternatives to creosote in the market place, including copper salt and copper oil treatments, however they do not provide the same lifespan for the wood poles, only between 20-25 years and around 40 years respectively. This is compared to over 50 years for creosote treated wood poles. In addition the alternative treatments are more expensive than the current creosote treatment.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Low

**Likelihood**

Virtually certain

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

SSE has not disclosed the financial impact of this risk.

**Primary response to risk**

Greater compliance with regulatory requirements

**Description of response**

SSE is part of the APPEAL project, which is an innovative project carried out in consortium with other Distribution Network Operators in GB. The project is exploring alternatives to Creosote. The project includes testing alternative preservatives by carrying out an accelerated-ageing test of wood poles treated with different preservatives; and assessing the results by analysing samples at different times during the test.

SSE is also currently working with its supplier to test wood poles treated with alternative wood preservers in its licence area in the north of Scotland, which is subject to harsher weather conditions, to understand performance of these alternatives.

**Cost of response**

0

**Explanation of cost of response**

SSE has not disclosed the financial cost to respond to this risk.

**Forest risk commodity**

Timber products

**Type of risk**

Reputational and markets

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Exposure to sanctions and litigation

**Primary potential impact**

Reduced availability of insurance on assets in "high-risk" locations

**Company-specific description**

The Russian invasion of Ukraine has caused a number of challenges to SSE's supplier of wood poles, which it has had to navigate. SSE's supplier sources trees from Finland and the timber is transported by canal. A small portion of this canal crosses the Russian border, which has led to insurance companies being unable to insure the product if it was transported this way. The supplier is now using an alternative route by rail.

In addition to this, the supplier has also had to secure alternative shipping companies to transport the timber from Finland to the UK, as some previous vessels used were Russian.

An additional impact of the Russian invasion of Ukraine, has been that the supplier has had to source alternative providers of creosote. The main production of creosote-fraction the supplier used was in Mariupol, Ukraine. It now sources the product from other countries, including Turkey.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Low

**Likelihood**

Virtually certain

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

SSE has not disclosed the financial impact of this risk.

**Primary response to risk**

Greater compliance with regulatory requirements

**Description of response**

The main risks have been within the control of the supplier, rather than with SSE. However, SSE's supply chain management approach outlined in question F2.1 a, which includes supply chain due diligence and category management, ensures that SSE maintains good relationships with its suppliers and that the suppliers have suitable capacity to deal with risks when they arise. SSE's supplier of wood poles has dealt with the impacts arising from the Russian of Ukraine well and there has been no interruption in supply to SSE and the supplier is financially stable

**Cost of response**

0

**Explanation of cost of response**

SSE has not disclosed the financial cost to respond to this risk.

## F3.2

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	No
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

## F3.2b

**(F3.2b) Why does your organization not consider itself to have forests-related opportunities?**
**Timber products****Primary reason**

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

**Please explain**

Forest-related opportunities do exist, but these do not meet SSE's definition of having a substantive financial or strategic impact on the business, as disclosed in F3.1a.

## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual or committee	Responsibilities for forest-related issues
Chief Executive Officer (CEO)	<p>SSE's Chief Executive has overall lead responsibility for sustainability issues, including environment (such as forest and water-related issues), and this includes at Board-level. The Chief Executive is assisted by Board-level committees, senior management and several specific management committees.</p> <p>The Board is advised on matters of safety, health and environment (SHE) by the Safety, Sustainability Health and Environment Advisory Committee (SSHEAC). The Chief Executive is a member of the SSHEAC. The SSHEAC has an overarching role in supporting SSE's commitment to be a sustainable company that makes a positive contribution to the communities and societies of which it is part. In fulfilling this role, the SSHEAC reviews and oversees the implementation of key sustainability-related Group policies (that include water-related aspects), including the Safety and Health policy, Environment and Climate Change policy, and Sustainability policy</p>

**F4.1b**

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding annual budgets	<p>The Board is advised on matters of safety, health and environment (SHE) by the Safety, Sustainability Health and Environment Advisory Committee (SSHEAC). Committee membership comprises four non-Executive Directors; the Chair of the Board; the Chief Commercial Officer; the Chief Sustainability Officer; and three senior executives The SSHEAC has an overarching role in supporting SSE's commitment to be a sustainable company that makes a positive contribution to the communities and societies of which it is part. The Committee now has expanded responsibility for: increased oversight of SSE's policy, practice and performance surrounding environmental impacts, including waste, air emissions, biodiversity, forests and water consumption – under which it continues to oversee the actions which have been agreed to manage SSE's environmental footprint.</p> <p>SSE's Chief Sustainability Officer is responsible for advising the Board and its Committees, the Group Executive Committee (GEC) and individual Business Units, on sustainability issues and strategy (including forest-related aspects). The Sustainability team supports and drives sustainability performance programmes across the organisation and reports progress on sustainability activities to the full range of SSE's stakeholders. For example, forests disclosure was identified as an area for improvement and processes have been established to improve the quality of forests reporting by SSE businesses to external stakeholders</p>

**F4.1d**

**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

**Row 1**

**Board member(s) have competence on forests-related issues**

Yes

**Criteria used to assess competence on forests-related issues**

SSE's Executive Directors have worked in the energy industry and been with SSE for a significant period. The Chief Executive joined SSE in 1997, the Finance Director joined SSE in 1990 and the Chief Commercial Officer joined SSE in 1998. In their respective roles they have gained and currently possess depth of understanding of the sustainability-related issues facing society and are clear in the role of energy sector (and SSE) in addressing climate change and wider environmental issues.

A number of the non-Executive Directors possess long-standing executive career experience in sectors that entail a high degree of interaction with forest-related commodities and have therefore also assimilated understanding of forest-related issues. SSE's Executive Directors have worked in the energy industry and been with SSE for a significant period. The Chief Executive joined SSE in 1997, the Finance Director joined SSE in 1990 and the Chief Commercial Officer joined SSE in 1998. In their respective roles they have gained and currently possess depth of understanding of the sustainability-related issues facing society and are clear in the role of energy sector (and SSE) in addressing climate change and wider environmental issues.

A number of the non-Executive Directors possess long-standing executive career experience in sectors that entail a high degree of interaction with forest-related commodities and have therefore also assimilated understanding of forest-related issues.

**Primary reason for no board-level competence on forests-related issues**

<Not Applicable>

**Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future**

<Not Applicable>

**F4.2**

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Other committee, please specify (Group Executive Committee)	Assessing forests-related risks and opportunities Managing forests-related risks and opportunities	As important matters arise	The Group Executive Committee (GEC) is responsible for implementing the Group strategy set by the Board. Sustainability (including forest-related aspects) are integrated and considered within the Group strategy. SSE's strategy is focused on the low-carbon transition and its Sustainability Framework is designed to ensure that in achieving its business objectives, by conducting itself in a way that respects the social contract it has with society and creates long term value. This includes the environment and forest-related issues that impact its key stakeholders and wider society. The GEC also monitors the operational and financial performance of sustainability related activities across the organisation. It is supported by the Group Safety, Sustainability, Health and Environment Committee in relation to sustainability matters.
Safety, Health, Environment and Quality committee	Assessing forests-related risks and opportunities Managing forests-related risks and opportunities	As important matters arise	The Safety, Health and Environment Committee advises the Group Executive Committee on safety, health and environment (SHE) matters. It is responsible for SHE policies, targets and strategy, performance, awareness and action including water related issues.

**F4.3**

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

**F4.3a**

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Procurement Officer (CPO) Chief Sustainability Officer (CSO)	Company performance against a sustainability index with forest-related factors (e.g., CDP Forests Score)	SSE's Annual Incentive Plan (AIP) links 10% of the award to the Company's sustainability performance by assessing SSE's performance across three key ESG ratings (Moody's ESG rating, Sustainalytics sustainability index and S&P Global sustainability index). These ESG indices factor in performance on a wide range of sustainability matters, such as SSE's environmental performance on water-related issues.  By encouraging SSE to achieve its upper quintile ranking across all indices, the incentives are linked to the continuous improvement of SSE sustainability performance. Performance across these ESG ratings in 2022/23 was strong, with upper quintile ranking achieved across all indices.	SSE's approach to Executive remuneration reflects the role of sustainability and water-related considerations within SSE's purpose and strategy, with sustainability-linked metrics and targets forming an element of performance-related pay.  Approved by shareholders at the 2022 AGM, the Annual Incentive Plan has seen two important changes:  • performance against the 2030 Goals is now linked to the longer-term Performance Share Plan. • average performance across three independent external ESG ratings, now being linked to the Annual Incentive Performance.  Annual Incentive Plan (AIP):  The Remuneration Committee aligns 10% of the AIP to sustainability performance by assessing SSE's performance across three key ESG ratings (Moody's, Sustainalytics and S&P Global). These ESG indices factor in performance on a wide range of sustainability matters, such as SSE's environmental performance on water-related issues. By encouraging SSE to achieve its upper quintile ranking across all indices, the incentives are linked to the continuous improvement of SSE's water-related performance.  Performance Share Plan (PSP): PSP is linked to the progress against the achievement of SSE's four business goals aligned to the UN Sustainable Development Goals. One of which is to build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030. While the majority of this output will be from SSE's wind portfolio, it also covers hydro output.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	<Not Applicable>	No non-monetary rewards are linked to the management of forests-related issues.

**F4.4**

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

No, but we plan to do so in the next two years

F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

**Row 1**

**Scope**

Company-wide

**Commodity coverage**

Timber products

**Content**

- Commitment to take action beyond own supply chain to tackle environmental issues
- Commitment to resolving both social and environmental issues in own operations and supply chain
- Commitments beyond regulatory compliance
- Commitment to transparency
- Commitment to stakeholder awareness and engagement
- Commitment to align with the SDGs
- Recognition of the overall importance of forests and other natural ecosystems

**Document attachment**

SSE Group Environment Policy 2023.pdf

**Please explain**

SSE's Environment policy is company-wide and provides the policy framework on the environment for all its business operations, recognising our management commitments and dependency on resource use such as timber products. This policy is implemented locally by business units through environmental management systems. The policy requires SSE's operations to, amongst other things, identify material impacts, manage environmental risks, engage positively with key stakeholders, work with suppliers, and integrate environmental improvements into everyday decision making. Specifically, SSE commits to "decreasing the impact of our resource consumption by:

- Minimising resource use and waste production.
- Minimising waste to landfill and increasing recycling.
- Working with our supply chain to improve performance and innovation.
- Engaging with the circular economy, by using reprocessed materials and ensuring our resources can readily be reused or recycled so far as is practical.
- Selecting materials that have sustainable lifecycle impacts."

The policy also commits to "Engage positively with key stakeholders on environmental issues and take responsibility within the wider community for improving the environmental impact of our business."

This is a Group-wide policy signed off by the Chief Executive.

F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Forest risk commodity	Public commitments made
Timber products	No

F5. Business strategy

F5.1



**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	As wood poles are a crucial asset in SSE's electricity networks, particularly the distribution network, the consideration of issues relating to this product is included in the business and financial planning for the upcoming RIIO price controls. RIIO is the GB energy regulator's (Ofgem) process for setting targets and measuring progress and is done over set timeframes. The RIIO-ED2 price control for its electricity distribution business will run from 2023 to 2028, and the next RIIO-T3 price control for SSE's electricity transmission business which expected to run from 2027 to 2031.
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	As wood poles are a crucial asset in SSE's electricity networks, particularly the distribution network, the consideration of issues relating to this product is included in the business and financial planning for the upcoming RIIO price controls. RIIO is the GB energy regulator's (Ofgem) process for setting targets and measuring progress and is done over set timeframes. The RIIO-ED2 price control for its electricity distribution business will run from 2023 to 2028, and the next RIIO-T3 price control for SSE's electricity transmission business which expected to run from 2027 to 2031. These business plans outline what the networks businesses plan to deliver over the regulatory timeframe and establish their strategy to deliver these plans.
Financial planning	Yes, forests-related issues are integrated	5-10	As wood poles are a crucial asset in SSE's electricity networks, particularly the distribution network, the consideration of issues relating to this product is included in the business and financial planning for the upcoming RIIO price controls. RIIO is the GB energy regulator's (Ofgem) process for setting targets and measuring progress and is done over set timeframes. The RIIO-ED2 price control for its electricity distribution business will run from 2023 to 2028, and the next RIIO-T3 price control for SSE's electricity transmission business which expected to run from 2027 to 2031

**F6. Implementation**

**F6.1**

**(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?**

Yes

**F6.1a**

**(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Timber products

**Year target was set**

2021

**Target coverage**

Company-wide

**Target category**

Natural ecosystem restoration and protection

**Metric**

Other, please specify (Percentage projects biodiversity net gain)

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Base year**

2021

**Base year figure**

**Target year**

2025

**Target year figure**

**Reporting year figure**

**% of target achieved relative to base year [auto-calculated]**

<Calculated field>

**Target status in reporting year**

Achieved

**Is this target linked to a commitment?**

Other environmental commitments

**Please explain**

SSE operates in some of the UK and Ireland's most remote areas which are home to a wide variety of valuable ecosystems and habitats. SSE works to actively manage its environmental footprint and take careful consideration of biodiversity in its activities to ensure that it maximises positive and minimises negative impacts. In support of this, in 2021/22, for onshore Large Capital Projects, all of SSE's Business Units have committed to delivering no 'net loss' in biodiversity on those consented from 2023 onwards and 'net gain' in biodiversity on those consented from 2025 onwards.

SSE works to actively manage its environmental footprint and take careful consideration of forests and related biodiversity in its activities to ensure that it maximises positive and minimises negative impacts.

SSE cannot yet credibly determine progress made against its biodiversity no net loss and net gain target and work is currently underway to establish a method to measure and track progress against this target consistently across all of SSE's business units.

SSEN has been piloting the use of natural capital tools to measure ecosystem services and the value of natural capital. One tool that is being trialled is the NatCapMap approach by SSEN Transmission's at its Knocknagael – Tomatin Overhead Line project. In addition, SSEN is using Natural England's Biodiversity Metric 3.0 which to calculate the units required to deliver the soon to be mandatory 10% Biodiversity Net Gain for new developments in England. This in turn has resulted in a trading market for biodiversity units. While Scotland has not yet adopted Natural England's metric and model, SSEN Distribution has used it as a proxy for measurement in England and Scotland.

---

**F6.2**

---

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Volume from direct suppliers only	<p>SSE undertakes supplier due diligence, undertaking appropriate enquiries into suppliers with the purpose of identifying, assessing and mitigating risks associated with entering into a contract with them. This covers: Anti-financial crime, financial stability, and ethical and sustainability. SSE also conducts biennial 'Health Checks' on its suppliers with greater than £2,000,000 spend per annum, across these three key areas identified. The ethical and sustainability risk assessment specifically covers consideration of environmental issues which, depending on the product being procured, will cover forest-related risks.</p> <p>SSE has a number of tracking and monitoring methods in place for its waste wood processes at Slough Heat and Power: 1. Delivery database that records all deliveries of wood to site and records of waste transfer notes against duty of care legislation. 2. Quality standards are in place for the type of waste wood received (as classified by Environment Agency) and specific dust levels are also set for the waste wood. 3. SSE has an ISO14001 system in place to manage environmental impacts at the site. 4. Annual supply chain audit carried out by an external third party certified auditor on the traceability of the waste wood. 5. All waste wood has to meet Renewable Obligation Certificate criteria which determines a specific grade of waste wood as classified by Environment Agency.</p> <p>SSE procures timber-related commodities across its business. One specific use of timber is in the wooden poles that are used in SSE's networks business. These wooden poles provide the structure to support the overhead electricity cables in the high and low voltage transmission and distribution networks. For the supply of timber related products, some areas of the business require the timber purchased to meet specified standards. For instance SSE's Networks business has specifications in place for procurement of wooden poles. The terms used in this specification are those quoted in ENA TS 43-88 and BS EN 14229:2010. All suppliers considered for supply are required to demonstrate certification in ISO 9001 and ISO14001. The current supplier of SSE's overhead line poles obtains their poles from Forests in Finland. The forests are certified by the PEFC (Programme for the Endorsement of Forest Certification). This accreditation is similar to the Forest Stewardship Council (FSC).</p>	Not applicable	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.2a**

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Timber products	Country	Finland United Kingdom of Great Britain and Northern Ireland	100

**F6.3**

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	100
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F6.3a**

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

**Forest risk commodity**

Timber products

**Third-party certification scheme**

PEFC (any type)

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

100

**Form of commodity**

Softwood logs

**Volume of production/ consumption certified**

3470603

**Metric for volume**

Other, please specify (GBP)

**Is this certified by more than one scheme?**

No

**Is embedded soy certified through this scheme?**

<Not Applicable>

**Please explain**

SSEN Distribution uses wooden poles in its electricity network to support the overhead lines to distribute energy to its customers. In 2022/23, SSEN procured around £3.5m worth of wooden poles. SSEN has specifications in place for procurement of wooden poles. The terms used in this specification are those quoted in ENA TS 43-88 and BS EN 14229:2010. All suppliers considered for supply are required to demonstrate certification in ISO 9001 and ISO 14001. The current supplier of SSEN's overhead line poles obtains their poles from forests in Finland. The forests are certified by the PEFC (Programme for the Endorsement of Forest Certification). This accreditation is similar to the Forest Stewardship Council (FSC) and seeks to protect forests by promoting sustainable forest management through certification.

**Forest risk commodity**

Timber products

**Third-party certification scheme**

Other, please specify (Renewable Obligation Certificates (ROCs) )

**Chain-of-custody model used**

Not applicable

**% of total production/consumption volume certified**

100

**Form of commodity**

Other, please specify (Waste wood used as fuel source for power generation )

**Volume of production/ consumption certified**

109949

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Is embedded soy certified through this scheme?**

<Not Applicable>

**Please explain**

Slough Heat and Power uses waste wood (classified by the Environment Agency regulations) to generate electricity. All of suppliers of waste wood are based in the UK. The electricity generated is eligible for Renewable Obligation Certificates (ROCs) as classified by Ofgem, the regulator for gas and electricity markets in Great Britain. To receive ROCs, the waste wood has to meet specific criteria. This criteria is that it is 'waste' wood and not raw timber and that it is of a certain grade of waste as specified by the Environment Agency. Slough Heat and Power uses only waste wood to generate electricity.

**F6.4**

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance	Comment
Timber products	No	
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.7

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

**(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.**

**Forest risk commodity**

Timber products

**Are you working with direct suppliers?**

Yes, working with direct suppliers

**Action(s) on forests-related issues driven by engagement**

Other, please specify (SSE is currently working with its supplier to test wood poles treated with alternative wood preservers in its licence area in the north of Scotland, which is subject to harsher weather conditions, to understand performance of these alternatives)

**Type of engagement**

Innovation and collaboration

**Details of engagement**

Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

**Description of engagement**

SSE has around 9,000 suppliers as a whole. It engages with suppliers on specific issues relevant to the category of product/service provided. Due to the critical nature of wood poles to the electricity distribution business, SSE has a strong relationship with the supplier of the overhead wood poles. SSE’s spend with its one supplier of wooden poles made up 0.1% of the company’s total procurement spend in 2022/23.

SSE is currently working with its supplier to test wood poles treated with alternative wood preservers in its licence area in the north of Scotland, which is subject to harsher weather conditions, to understand performance of these alternatives. Over 2022/23, SSEN increased its cross industry engagement too, information sharing with other DNOs and OpenReach to ensure the best possible solution and a smooth future transition to viable new treatments.

**% of suppliers engaged by procurement spend covered by engagement**

0.1

**Explain the impact of your engagement on the selected action**

SSE has around 9,000 suppliers as a whole. It engages with suppliers on specific issues relevant to the category of product/service provided. Due to the critical nature of wood poles to the electricity distribution business, SSE has a strong relationship with the supplier of the overhead wood poles. SSE’s spend with its one supplier of wooden poles made up 0.1% of the company’s total procurement spend in 2022/23.

SSE is currently working with its supplier to test wood poles treated with alternative wood preservers in its licence area in the north of Scotland, which is subject to harsher weather conditions, to understand performance of these alternatives. Over 2022/23, SSEN increased its cross industry engagement too, information sharing with other DNOs and OpenReach to ensure the best possible solution and a smooth future transition to viable new treatments.

**Is this engagement helping your suppliers engage with their suppliers on the selected action?**

Unknown

**Does this engagement contribute to achieving a reported target?**

No

F6.9

**(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.**

**Forest risk commodity**

Timber products

**Are you working beyond first tier?**

No, not working beyond the first tier

**Action(s) on forest-related issues driven by engagement**

<Not Applicable>

**Type of engagement**

<Not Applicable>

**Details of engagement**

<Not Applicable>

**Description of engagement**

SSE’s focus on sustainable supply chain practices has been focused on its Tier 1 suppliers to date. SSE’s Sustainable Procurement Code outlines expectations for suppliers around responsible sourcing and resource consumption. The supplier guidance document that is provided alongside the Code outlines clear expectations for timber: ‘All timber and timber products should be sourced from legal and sustainable sources, certified under the Forest Stewardship Council (“FSC”) or Programme for the Endorsement of Forest Certification (“PEFC”)’. The sustainable procurement code and the guidance document state that they outline expectations of the suppliers and their supply chains.

**Explain the impact of your engagement on the selected action**

<Not Applicable>

**Does this engagement contribute to achieving a reported target?**

<Not Applicable>

**F6.10**

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

	<b>Do you engage in landscape/jurisdictional approaches?</b>	<b>Primary reason for not engaging in landscape and/or jurisdictional approaches</b>	<b>Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future</b>
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

**F6.10a**

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

	<b>Criteria for prioritizing landscapes/jurisdictions for engagement</b>	<b>Explain your process for prioritizing landscapes/jurisdictions for engagement</b>
Row 1	Company has operational presence in area Opportunity to protect and restore natural ecosystems Response to regulation Response to voluntary sectoral agreement	As part of its obligation to conduct Environmental Impact Assessments in all the jurisdictions under which the company operates, SSE undertakes detailed Environmental Impact Assessments (EIA) for large projects and completes an environmental assessment for projects where an EIA is not a statutory requirement. The four stages of the mitigation hierarchy – avoid, minimize, restore and offset – are embedded into the principles of Environmental Impact Assessment.  Where projects are expected to have significant impacts on biodiversity, SSE strives to offset these impacts through actions such as developing Habitat Management Plans for renewable developments in the EIA stage, or funding conservation activity conducted by other groups. SSE also provides mitigation measures as part of planning proposals for all construction projects.  During construction of major projects, SSE adopts detailed measures to mitigate adverse environmental impacts, often under the guidance of a professional ecologist. These include implementation of relevant Species Protection Plans and Habitat Management Plans, that allow SSE to progress construction while protecting sensitive species.

**F6.10b**

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

**Landscape/Jurisdiction ID**

LJ1

**Country/Area**

United Kingdom of Great Britain and Northern Ireland

**Name of landscape or jurisdiction area**

Scotland, specifically areas where SSE operate within areas of peatland.

**Types of partners engaged in the initiative design and implementation**

National government  
Subnational government  
Local civil society organization(s)  
Local forest/rural associations  
Local communities  
Academics/ researchers  
External consultants

**Type of engagement**

Convener: High level of engagement in set-up, design, management and implementation

**Goals supported by engagement**

Improved rate of carbon sequestration (e.g., through restoration)  
Reduced emissions from land use change and/or agricultural production  
Increased and/or maintained protected areas  
Natural ecosystems conserved and/or restored  
Biodiversity protected and/or restored  
Decreased ecosystem degradation rate

**Company actions supporting approach**

Collaborate on management/land use planning in the landscape/jurisdiction  
Share spatial data and land management plans with other stakeholders in the landscape/jurisdiction

**Description of engagement**

SSE conducts extensive habitat restoration at its renewables sites across the United Kingdom and Ireland. Examples of sustainable land use include native woodland replanting, blanket bog and heathland restoration, grazing reduction, and conifer felling. These activities seek to enhance the habitat for biodiversity, with targeted activities aimed to improve the habitat for specific species, such as the black grouse habitat enhancement at Griffin windfarm or the habitat management for hen harriers at Fairburn windfarm.

SSE Renewables actively manages peatland across ten operational wind farm sites and their associated Habitat Management Plan (HMP) areas in Scotland. In recent years there have been major declines in the extent of blanket bog habitat in the UK, principally due to afforestation, drainage, burning and overgrazing. Peat is the largest terrestrial carbon store in the UK and approximately 4.5 billion tonnes of carbon are stored in Scotland's peatlands. Blanket bog habitats need to be in good health to function as a net sink carbon store instead of as a source of atmospheric carbon which is what happens if the peat is degraded. Local Planning Authorities require an Environmental Impact Assessments (EIA) to be conducted where SSE's projects are likely to have significant effect on the environment. SSE will prepare an EIA Report containing the environmental information required by the EIA Regulations, covering a range of topics including Ecology and Nature Conservation, Hydrology, Hydrogeology and Geology and Ornithology amongst others. The Local Planning Authorities must be satisfied that SSE provides mitigation measures as part of planning proposals for all construction projects.

SSE works with expert implementation partners on specific projects.

**Engagement start year**

2007

**Engagement end year**

Not defined

**Estimated investment over the project period (currency)**

**Is a collective monitoring framework used to measure progress?**

Yes, progress is monitored using an internally defined framework

**State the achievements of your engagement so far, and how progress is monitored**

An example is at Dunmaglass Wind Farm (joint venture between SSE Renewables (50.1%) and Greencoat UK Wind Plc (49.9%)) where a key aim of the Nature Conservation Management Plan (NCMP) is to restore and enhance areas of blanket bog across the site. Work to date has focused on restoring circa 25 hectares of peatland utilising specialist, skilled contractors employing innovative reprofiling and restoration techniques. At each stage in the process, these works have been undertaken collaboratively with the Dunmaglass Estate who have also contributed their own funding to enable additional areas of peatland to be restored.

There are varying types of peatland erosion on site, and this requires a variety of restoration techniques to be employed including hag re-profiling and cross-tracking.

The success of these restoration techniques will be assessed in line with a commitment to long-term habitat monitoring for the operational lifespan of the site. In addition, SSE Renewables is actively investigating additional monitoring opportunities for blanket bog restoration across operational assets to better understand how to maximise the value of these projects and contribute to delivering positive effects for biodiversity.

---

**F6.10c**

---

**(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.**

Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?	Commodity	% of total production/consumption volume from this landscape/jurisdiction
LJ1	No, we do not produce/consume from this landscape/jurisdiction	<Not Applicable>	<Not Applicable>

**F6.11**

**(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

**Forest risk commodity**

Timber products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

United Kingdom of Great Britain and Northern Ireland

**Subnational area**

Please specify (Argyll, Scotland)

**Initiatives**

<Not Applicable>

**Please explain**

SSEN Transmission and conservation organisation, Argyll and the Isles Coast and Countryside Trust (ACT), and Argyll and Bute Council have joined forces to help deliver SSEN Transmission's compensatory tree planting initiative and in doing so, help support and enhance Scotland's rainforest in Argyll.

The ground-breaking partnership will see ACT help deliver SSEN Transmission's compensatory tree planting relating to its Inveraray-Crossaig transmission project, with the initial phase of planting underway on Argyll and Bute Council's sites near Lochgilphead in Argyll. By planting native species, the planting will support local flora and fauna, creating natural habitats for native species to thrive, supporting SSEN Transmission's commitments to deliver biodiversity net gain and compensatory planting on all its major projects.

**F6.12**

**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?**

Yes

**F6.12a**



**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

**Project reference**

Project 1

**Project type**

Peatland protection and restoration

**Expected benefits of project**

Improvement to soil health  
Increase in carbon sequestration  
Reduce/halt biodiversity loss  
Restoration of natural ecosystem(s)

**Is this project originating any carbon credits?**

No

**Description of project**

SSE Renewables actively manages peatland across ten operational wind farm sites and their associated Habitat Management Plan (HMP) areas in Scotland. This is achieved through implementing a variety of peatland management techniques, which include: targeted peatland restoration; livestock reduction on sensitive peatland habitats; no burn policies; and forestry removal.

**Where is the project taking place in relation to your value chain?**

Project based in area with direct operations

**Start year**

2007

**Target year**

Indefinitely

**Project area to date (Hectares)**

1678

**Project area in the target year (Hectares)**

2015

**Country/Area**

United Kingdom of Great Britain and Northern Ireland

**Latitude**

57.2772

**Longitude**

4.2636

**Monitoring frequency**

Six-monthly or more frequently

**Total investment over the project period (currency)**

**For which of your expected benefits are you monitoring progress?**

Improvement to soil health  
Increase in carbon sequestration  
Reduce/halt biodiversity loss  
Restoration of natural ecosystem(s)

**Please explain**

In recent years there have been major declines in the extent of blanket bog habitat in the UK, principally due to afforestation, drainage, burning and overgrazing. Peat is the largest terrestrial carbon store in the UK and approximately 4.5 billion tonnes of carbon are stored in Scotland's peatlands. Blanket bog habitats need to be in good health to function as a net sink carbon store instead of as a source of atmospheric carbon which is what happens if the peat is degraded.

Peat is also important for water management, as peat can hold up to 20 times its own weight in water and therefore contribute to the regulation of flooding

---

## F7. Verification

---

### F7.1

---

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

No, but we are actively considering verifying in the next two years

## F8. Barriers and challenges

---

### F8.1

---

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Limited value chain engagement

**Comment**

SSE's barrier is that the main risks are in the direct control of suppliers, and therefore are not in SSE's direct control to influence. However, SSE works to manage these risks through creating strong relationships with its suppliers and undertaking supply chain due diligence and category management.

---

**F8.2**

---

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Main measure**

Greater stakeholder engagement and collaboration

**Comment**

---

**F17 Signoff**

---

**F-FI**

---

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

**F17.1**

---

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Chief Sustainability Officer	Chief Sustainability Officer (CSO)

**Submit your response**

---

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms