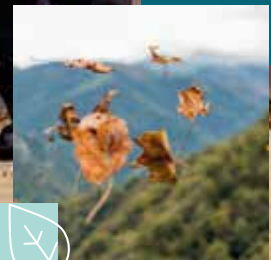




Creating value for people and planet

SSE plc Sustainability Report 2024



About SSE

SSE is a leading generator of renewable electricity in the UK and Ireland and one of the largest electricity network companies in the UK. It is driven by a purpose to provide energy needed today while building a better world of energy for tomorrow. It develops, builds, operates, and invests in low-carbon electricity infrastructure in support of the transition to net zero, including onshore and offshore wind, hydro power, flexible thermal generation, electricity transmission and distribution networks, alongside providing energy products and services to customers. SSE's ambitions for the development of renewable energy now extend beyond the British Isles to carefully selected international

markets, including Asia-Pacific, Europe, and North America.

UK-listed and headquartered in Perth, SSE is a major contributor to the economies in the UK and Ireland. It employs around 14,000 people and is real Living Wage and Fair Tax Mark accredited.

The Sustainability Report for the period 1 April 2023 to 31 March 2024 aims to provide enhanced disclosure of SSE policies, practice, and performance against its key economic, social, and environmental impacts and goals. On occasion the report refers to activities of joint ventures and in those instances, it is made clear this is the case.

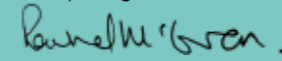
Directors' Statement on SSE plc's Selected Sustainability Data

As the Directors of SSE plc "SSE" we confirm that we are solely responsible for the preparation of SSE's selected sustainability data including this Directors' Statement and for reporting the selected sustainability data in accordance with the reporting criteria set out on at [sse.com/sustainability/policies-and-assurances](https://www.sse.com/sustainability/policies-and-assurances).

We confirm, to the best of our knowledge and belief, that we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement, evaluation and preparation of selected sustainability data that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria for preparing and presenting

- the selected sustainability data, including clear definition of the entity's organisational boundaries, and applied them consistently;
- presented information, including the reporting criteria, in a manner that provides relevant, complete, reliable, unbiased/neutral, comparable and understandable information;
 - reported the selected sustainability data in accordance with the reporting criteria.

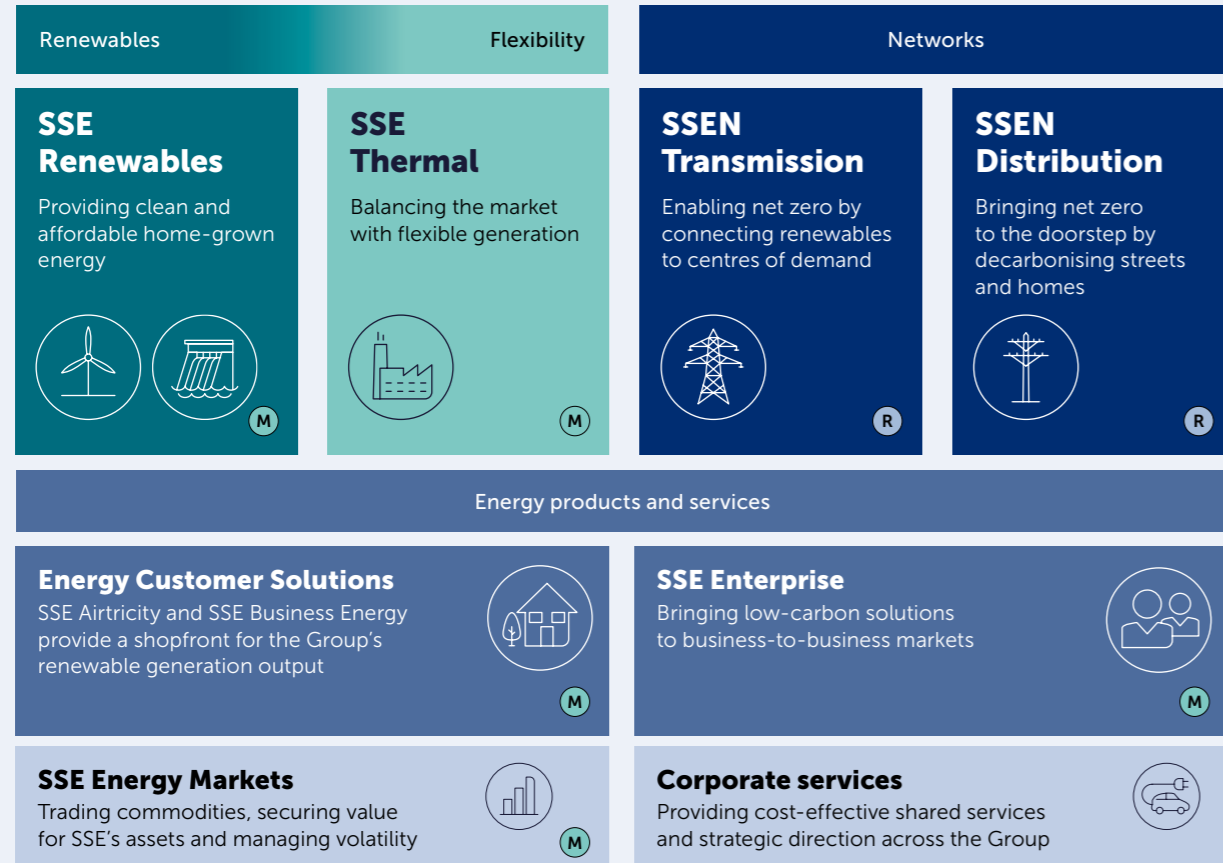


Rachel McEwen
Chief Sustainability Officer

For and on behalf of the Board of Directors of SSE plc. 14 June 2024.

How SSE is structured

← Index-linked earnings from economically-regulated networks offset inherent risk in market-facing businesses →



Key: (M) Market-focused businesses (R) Economically-regulated businesses

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Alternative Performance Measures

SSE assesses the performance of the Group using a variety of performance measures. These measures are not all defined under IFRS and are therefore termed 'non-GAAP' measures.

A reconciliation from these non-GAAP measures to the nearest prepared measure in accordance with IFRS is presented and described from page 190 of SSE's Annual Report 2024. The Alternative Performance Measures SSE uses might not be directly comparable with similarly titled measures used by other companies.



The SSE plc Sustainability Report 2024 is complemented by SSE's Annual Report 2024 which can be found online at [sse.com](https://www.sse.com).

Chief Executive's foreword

2023/24 highlights

Transition pathway transparency

With the focus of stakeholder attention – rightly – shifting from target setting to accountability, an important new disclosure has been developed identifying the actions and levers that will determine the achievement of SSE's climate targets. See more on pages 20 to 22.

Revised Just Transition Strategy

With the publication of a revised Just Transition Strategy, this report outlines SSE's performance against a basket of ten KPIs identified to help stakeholders understand the impact SSE is making as it transitions from high carbon to low carbon activity. See more on pages 63 to 66.



Nature

With SSE's core commitment to the restoration of nature captured in its commitment for biodiversity net gain on all its large onshore infrastructure developments, page 90 outlines the path taken so far and for the first time, discloses the number of developments where BNG has been designed into the development.



The hard yards of delivery



“Building a sustainable company is a long-term endeavor. I would like to think that the progress made in 2023/24 takes us one step further towards that goal.”

2023/24 could be thought of as a year where important climate targets – at home and abroad – met the practical reality of the hard yards of delivery. We've seen those key Paris-aligned targets come under pressure. SSE has long nailed our colours to the Paris Agreement and the 1.5°C carbon reduction pathway. That is something that is easy to say but, as we can see from the climate performance in countries around the world, there is a real risk of slippage against that 1.5°C pathway. While 2023/24 represented SSE's lowest level of greenhouse gas emissions yet and we are holding firm to that pathway, we are also working hard for those targets not to slip. In this report, and for the first time, we clearly set out (on page 20), the key levers that will determine the achievement of those key science-based targets.

SSE's role in the transition goes way beyond simply meeting our own net zero pathway. Our investments enable the decarbonisation of key sectors in the economy. That requires very significant new low-carbon infrastructure. And for the benefit of those who host that infrastructure we must leave a positive legacy.

It can be tough being a community that is about to host nationally significant infrastructure. There are concerns for us to respond to, which we are doing. These projects also create opportunities for communities and we will ensure that these communities see benefits from those investments. Building on the tradition of community investment from renewables projects, SSEN Transmission is developing a powerful package of local benefit (see page 52), including regional and local funding, alongside important strategies to support housing development in the north of Scotland, accommodating construction

workers in the short term, but leaving a long-term legacy for local people too.

With a refresh of our Just Transition Strategy, we have created a basket of KPIs (see page 64) that will support the ability of stakeholders to hold us to account and engage with us, on this complex journey to minimise any negative social consequences of the transition and maximise the positive ones. We know that this almighty industrial transition from high carbon to low carbon potentially creates upheaval and disruption for working people. Our job is to support that transition at an economy level and deliberately attract working people from the declining high carbon industries. The juxtaposition of North Sea oil and gas with our development is a very powerful point here and one third of our new recruits last year were former high-carbon workers.

Alongside progress on carbon and social impact, we recognise the importance of restoring nature in creating a climate-safe world. The way in which SSE measures and targets positive impact is through Biodiversity Net Gain. Our commitment is that every onshore development site will be left in a better condition of nature than when we found it. This year's report demonstrates the good progress being made on that front (see pages 90).

Finally, building a sustainable company is a long-term endeavor. I would like to think that the progress made in 2023/24 takes us one step further towards that goal.

Alistair Phillips-Davies
Chief Executive
14 June 2024

Our purpose

SSE is a leading generator of **renewables** and **flexible** thermal energy in the GB and Ireland markets, and one of the world's fastest-growing electricity **networks** companies.

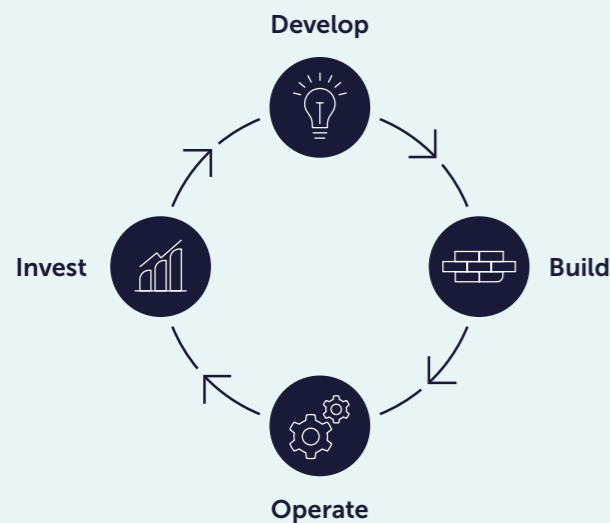
Our **purpose** is to provide energy needed today while building a better world of energy for tomorrow.

Our **vision** is to be a leading energy company in a net zero world.

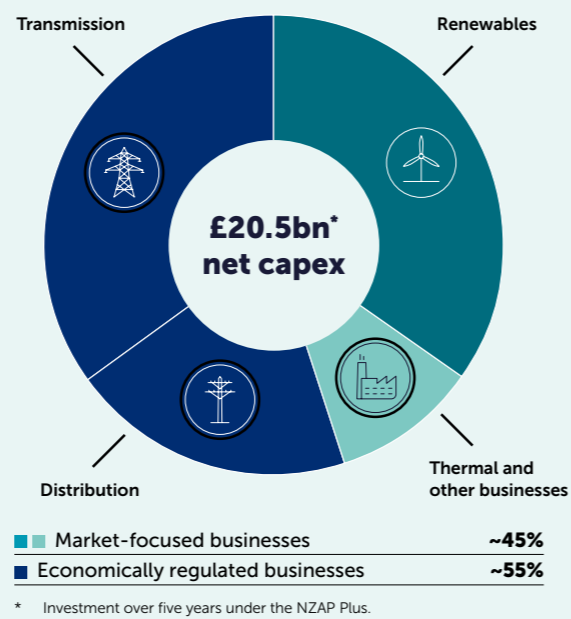
Our **strategy** is to create value for shareholders and society in a sustainable way by developing, building, operating and investing in electricity infrastructure and businesses needed in the transition to net zero.

Our strategy

Our strategy is to create value for shareholders and society in a sustainable way by developing, building, operating and investing ...



... in electricity infrastructure and businesses needed in the transition to net zero ...

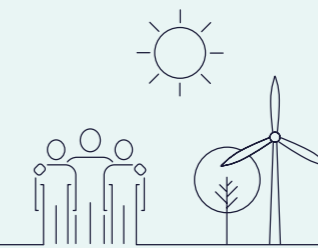


... and in doing so, we are delivering on our 2030 Goals ...

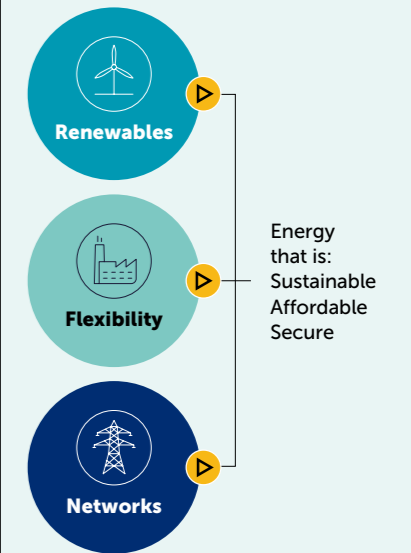
- Cut carbon intensity by 80%** (SDG 13: Climate Action)
- Increase renewable energy output fivefold** (SDG 7: Affordable and Clean Energy)
- Enable low-carbon generation and demand** (SDG 9: Industry, Innovation and Infrastructure)
- Champion a fair and just energy transition** (SDG 8: Decent Work and Economic Growth)

... that underpin a purpose ...

To provide energy needed today while building a better world of energy for tomorrow.



... which contributes to a decarbonised future.



Net Zero Acceleration Programme Plus (NZAP Plus)

The NZAP Plus is our strategy in action and includes **£20.5bn** of planned capital expenditure, with around **90% for investment in renewables and electricity networks**.

Our balanced portfolio gives us optionality and flexibility – so we can **invest where we see most value** ...

... supporting climate solutions aligned to a 1.5°C pathway, and setting clear medium-term targets for ...

- ... 2027 ... **~9GW** renewables net capacity
- >15%** networks gross RAV CAGR
- 13–16%** adjusted EPS CAGR
- 5%–10%** forecast annual dividend growth

... and with its **world-class assets and development pipeline, sector expertise and delivery record**, SSE will be central to a decarbonised energy system post-2030.

Driving sustainability at SSE

SSE's business strategy has sustainability at its core, with a commitment to create and share value with shareholders and society, to ensure that the transition to net zero benefits all stakeholders.

A framework for a sustainable business

Due to the essential nature of SSE's activities, sustainability has naturally been a long-standing feature of its business model, embedded at the heart of its strategy. It provides a framework that guides decisions as it transitions to net zero, ensuring it is done in a way that creates and shares value with stakeholders.

Sustainability is articulated at the highest level, with SSE's business strategy aligned to the UN's Sustainable Development Goals (SDGs). To embed this approach throughout the organisation, SSE has

identified four SDGs which are highly material to the business, and to which it has linked its four core business goals for 2030. These 2030 Goals are focused on addressing the challenge of climate change in a way that is fair to working people, consumers and communities. SSE has identified a further three material SDGs, which are focused on the environment and guide the pillars of SSE's Environment Strategy.

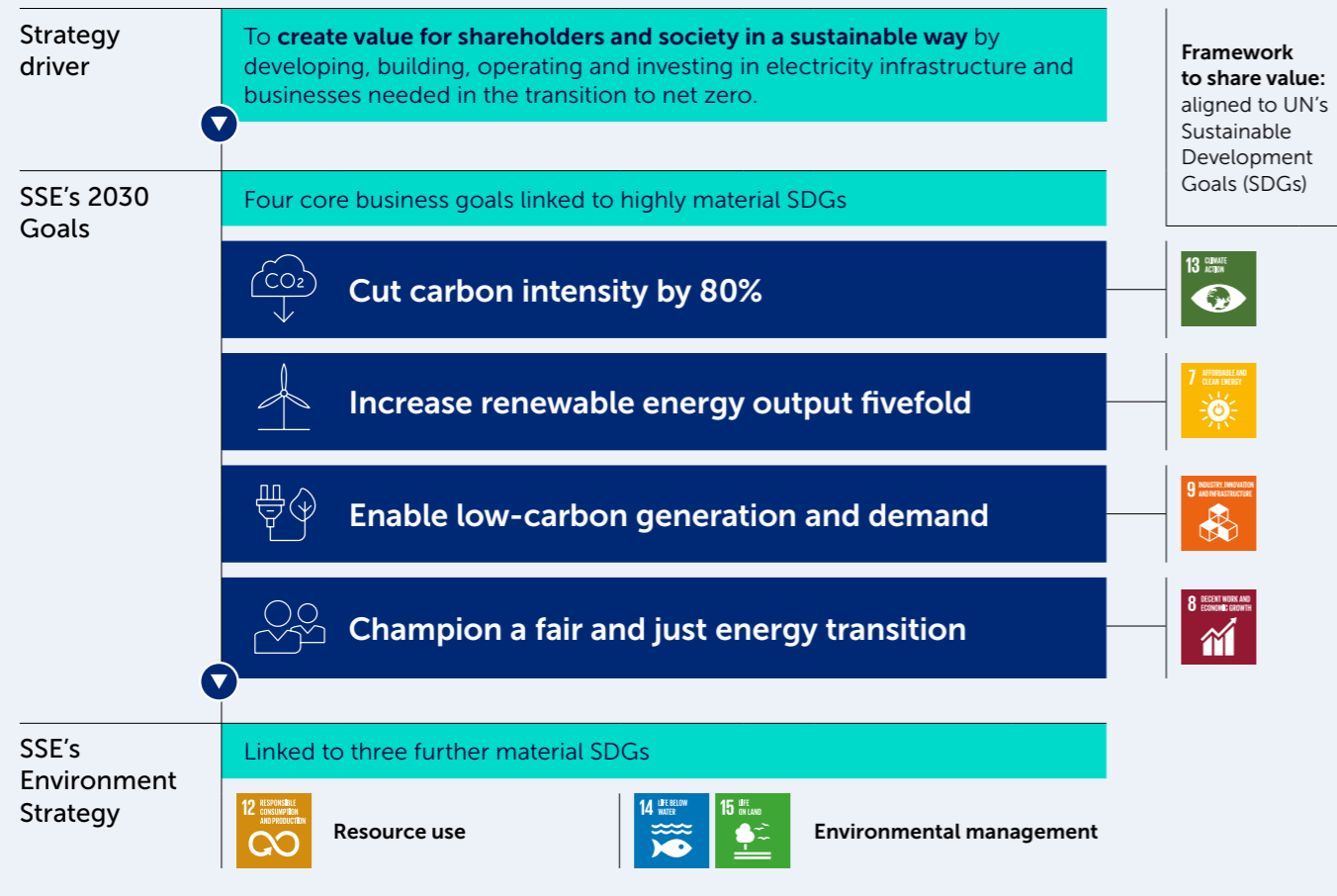
This framework allows SSE to navigate the complexities of economic, social and environmental impacts and address them in a balanced way to ensure the best outcomes for stakeholders.

Ensuring accountability for sustainability

Reinforcing SSE's commitment to sustainability, sustainability-linked metrics and targets form part of executive performance-related pay. Progress against SSE's 2030 Goals is linked to the longer-term Performance Share Plan, and the Annual Incentive Plan is linked to average performance across three independent external ESG ratings. These measures mean that accountability for sustainability is held at the most senior levels in the Company.

A summary of progress against these performance measures can be found in the Remuneration Committee's Report from page 168 of SSE's Annual report 2024.

SSE's sustainability hierarchy



Progressing towards 2030 Goals

Cut carbon intensity by 80%

Reduce scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO₂e/kWh.

Year	Intensity (gCO ₂ e/kWh)
2017/18	307
2023/24	205
2030 Target	61

Read more on page 15

Increase renewable energy output fivefold

Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.

Year	Output (TWh)
2023/24	11.2
2030 Target	50

Read more on page 35

Enable low-carbon generation and demand

Enable at least 20GW of renewable generation and facilitate around 2 million EVs and 1 million heat pumps on SSEN's electricity networks by 2030.

Year	Value
2023/24	9.3GW
2030 Target	20GW

- c. 284,000** pure electric or plug-in hybrid vehicles registered
- c. 45,300**** heat pumps connected

Read more on page 45

Champion a fair and just energy transition

Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.

- £6.86bn** contribution to UK and Irish GDP
- 10** consecutive years as an accredited Living Wage employer

Read more on page 61

* Includes pumped storage, biomass and constrained off wind in GB.
 ** SSEN Distribution now uses source data from the UK Government's Microgeneration Certification Scheme (MCS) to measure progress against this goal. 2021/22 and 2022/23 data has been restated, see page 46.

Understanding what matters

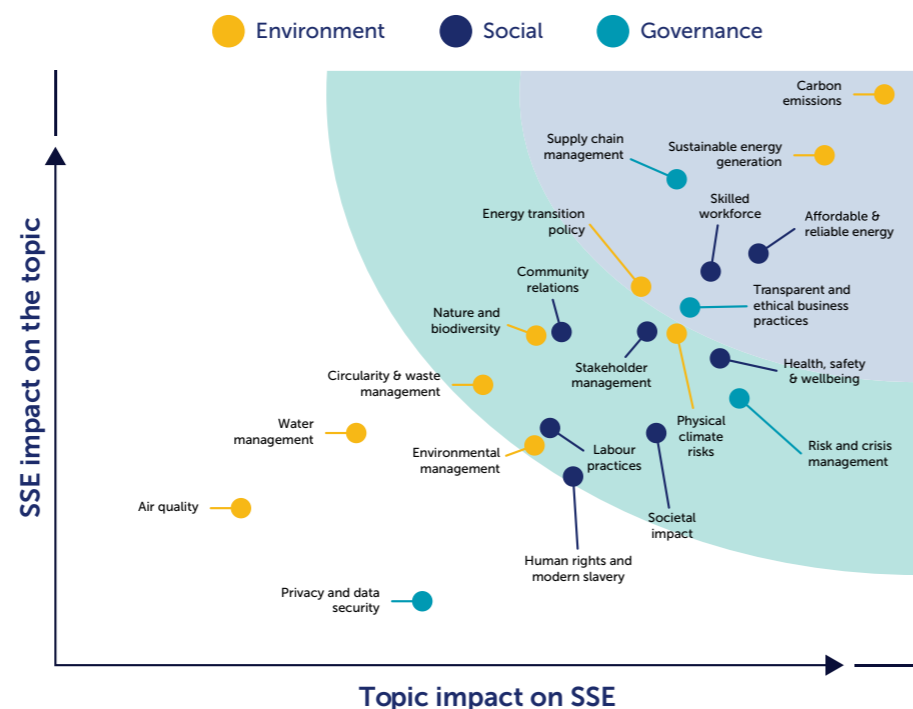
A success business strategy is one that is focused on the most salient social, environmental, and economic matters, building a deep understanding of impacts and allowing them to be effectively managed.

SSE's approach to double materiality

A credible approach to sustainability is one that is focused on the most significant issues. SSE has consistently sought to understand its sustainability impacts and in 2022/23, with support from an independent third-party, adopted the 'double materiality' approach. This approach not only takes into account sustainability matters that have a material impact on SSE's business value, but also considers the impact SSE has on the environment and society. Figure 1 shows the results of the materiality exercise, represented on a matrix where ESG topics are plotted by SSE's impact on the topic, against the topic's impact on SSE. The issues in the top right hand corner represent the topics with both the highest impact on SSE and on which SSE has the highest impact.

Information on SSE's performance relating to each issue is integrated throughout this report and in SSE's Annual Report 2024.

Figure 1: SSE's double materiality matrix



An evolving materiality landscape

As methodologies and guidelines for conducting double materiality assessments (DMA) evolve, SSE applied the most recent draft European Financial Reporting Advisory Group materiality assessment implementation guidance, published in December 2023 to undertake a 'pulse check' on the issues of greatest materiality. The objective of the exercise was to ensure that the results of the 2022/23 comprehensive assessment remain relevant in the current year. SSE conducted an internal review considering developments such as material financial transactions, supply chain spend and practices, and group risk over 2023/24, alongside external sources like the World Economic Forum (WEF) Global Risks Report 2024, amongst others. SSE confirms that the DM, Figure [x], as published in last year's report, remains highly relevant to SSE for this year's reporting cycle.

While the review validated the matrix, there

were some insights gained, for example, the position of 'Supply chain management' as a top five topic was reinforced by the inclusion of a new Group Principal Risk on supply chain. Safety, SSE's number one company value, is positioned as a top 10 topic on the matrix and performance this year reconfirms the imperative to maintain focus. Interestingly the sharp rise in the position of 'Misinformation and disinformation' in the WEF two year global risk horizon has been noted for future assessments.

SSE's most material sustainability topics

1. Carbon emissions
2. Sustainable energy generation
3. Affordable and reliable energy
4. Supply chain management
5. Skilled workforce

Opportunities for enhanced Impact

1. Just transition
2. Circularity
3. Nature and biodiversity

Materiality informing SSEN Transmission's sustainability strategy

In 2023/24 SSEN Transmission undertook a double materiality assessment to inform a revised Sustainability Strategy expected to be published in summer 2024. The process followed global best practice, and included a detailed impact assessment of over 60 environmental, social, economic, and governance-related topics, engagement with both internal and external stakeholders, and a desktop review.

The findings of the materiality assessment emphasised that SSEN Transmission's focus on delivering a reliable, and affordable network for net zero, and on doing so safely, aligns with the business's most material impacts, risks, and opportunities.

Community impacts, engagement and benefit were shown to be highly material for the business, alongside climate impacts, both in how SSEN Transmission manages and reduces GHG emissions, and in how the business adapts to the impacts of climate change. Nature-related topics including biodiversity, land and forestry, and increasingly the business's impacts in the marine environment are also highly material. Areas of high impact on the business include securing and managing the supply chain, and attracting and retaining a skilled workforce.

More information will be available in SSEN Transmission's Sustainability Report, which will be published later in 2024.

2024/25 and beyond

While SSE is not yet subject to recent mandated sustainability-related disclosure standards in Europe, it is seeking to adopt the most relevant aspects of the International Sustainability Standards Board (ISSB) Standards and the EU Corporate Sustainability



Reporting Directive (CSRD). In preparation for upcoming reporting requirements, SSE will utilise emerging best practice guidance, build on its DMA, pulse check and leverage SSEN Transmissions approach while conducting future assessments.

SSE is mindful that emerging ESG

disclosure standards from the ISSB and CSRD require evidence of a company's most material ESG issues – from both the company and stakeholder perspective. Being able to provide evidence of the status of those issues will support stakeholder confidence in SSE's non-financial disclosures.

“ Sustainable businesses don't just 'do no harm'. They find the win-wins and purposely create shared value for both shareholders and society. But none of that is relevant unless there is a clear understanding of the most important issues at stake.”

Rachel McEwen
Chief Sustainability Officer

Emerging trends

An important feature of long-term sustainable businesses is the ability to adapt and respond to key social, environmental, and economic trends. While some of those trends are long term in their nature, for example the climate imperative, from year-to-year new elements emerge. 2023/24 was no different, with global and national circumstances affecting the external environment SSE operates within.

The risk of climate targets slipping

Since 2018, and the publication of the Intergovernmental Panel on Climate Change's seminal report that outlined the global risks associated with a world warmed to 1.5°C above pre-industrial levels, the countries SSE operates within have established strong net zero legislation. Supported by an environment at successive COPs, the focus for many countries and companies has been the establishment of ambitious targets to cut greenhouse gas emissions. The overriding narrative has been one of accelerated climate action.

In 2023, there were some signals that those accelerated targets are coming under pressure. In September 2023, the UK's Prime Minister, announced a delayed ban on new petrol and diesel cars and weakened targets on phasing out gas boilers. In April 2023, following advice from the Climate Change Committee that 2030 climate targets in Scotland were 'beyond what is credible', the Scottish Government, announced its intention to remove the framework of interim targets from law, whilst continuing to target net zero by 2045. And in Ireland, the Environment Protection Agency has issued a report stating that the country is on track to miss two key 2030 climate targets by a 'wide margin'.

As a long-standing proponent for accelerated climate action, SSE has long



understood the business imperative to avoid the worst effects of a changed climate. With opportunities to create value for both shareholders and society, its business strategy is built upon the imperative to deliver a decarbonised power system by the mid-2030s at the latest. It will continue to advocate for the practical steps required to deliver an orderly transition in electricity. It also recognises that there are many social goods that arise from the widespread deployment of renewable energy, supported by low-carbon flexible generation; not least energy security and, in the long run, more affordable energy.

It is therefore clear that the case for the

action that decarbonise the economy is not simply based on the climate imperative: there are further social and economic benefits to be had. While strong targets are important, they are not as important as the actions required to meet them. It therefore remains as critical as ever to remain focused on the actions at both company and country levels that will put the targets back on track.

“It's the plans and actions that matter in the end.”

Chris Stark, the then Chief Executive, Climate Change Committee, April 2023.

The role of the energy transition in stimulating industrial renewal

Successive industrial plans and growth strategies from the UK government since 2017 have focused on key sectors of the UK economy, with each set of plans highlighting the critical role that 'green industries' will play in improved growth and prosperity across the UK. The five sectors in the green energy industries are defined as: carbon capture and storage, electricity networks, hydrogen, nuclear and offshore wind. However, the 2022 Inflation Reduction Act in the USA and Europe's 2023 Green Deal Industrial Plan have brought into sharp focus, the case for a long-term green industrial strategy in the UK.

With SSE developing material plans in four of those five green energy industries, it has a vested interest in the industrial policy that will support them thrive. While there are many aspects of a comprehensive and holistic industrial strategy, there are components that are particularly impactful in relation to SSE's

plans for growth. The confirmation in the March budget of 'full expensing' becoming permanent, is particularly welcome. That means 100% of capital invested is deducted from taxable profits and is a powerful incentive to invest. A faster and more responsive planning system will also make a material impact on the ability to build on energy infrastructure, which directly impacts on the speed that goods and services are purchased from supply chains.

With government policy supporting both renewable and networks deployment, there is an increasing expectation from stakeholders that the industrial and manufacturing base across the UK develops to support that growth. It is for that reason that SSE was particularly pleased to award the first order for electricity network cable underpinning the investment by Sumitomo in cable manufacturing in the Moray Firth. The case, however, for increased focus from governments and industries on further such investments is clear. It will underpin the public consent for low carbon infrastructure at the same time as securing a diverse and competitive supply chain in the long run.

“Shifting the UK economy back onto a growth trajectory is the only way to sustainably deliver brilliant public services and relaunch the UK's global standing... That means big choices and bold moves on increasing business investment, future-proofing our labour market, recommitting to our climate ambitions and improving our global reputation for infrastructure delivery.”

CBI February 2024

Towards an age of consenting

The past decade has been characterised by increasing levels of political ambition to deliver rapid climate mitigation, with much of the focus centring on the clean energy transition as a key catalyst for decarbonisation. Governments and businesses, including SSE, have put in place a series of important, and progressively more ambitious, targets for emissions reduction and clean energy. While there is debate whether these pledges are sufficient to prevent global warming exceeding the Paris Agreement goals, the targets provide the framework to deliver the transition, helping to bolster investor confidence and reduce the cost

of capital. Particularly where commitments are enshrined in legislation and where targets are underpinned by clear transition plans, they are vital catalysts for action.

However, the scale and pace of the construction work that will be required to deliver these pledges on the ground is unprecedented. It is clear that we are now entering a period more likely to be characterised by the need to secure consent for this change – both in practical permitting terms, but also in terms of maintaining a public mandate by ensuring the costs and benefits are equitably distributed, the case for the transition is well understood and depoliticised, and that communities are effectively consulted to ensure that infrastructure is delivered in a way that appropriately balances the needs and interests of all stakeholders.

The need to accelerate planning and consenting processes is well understood but nonetheless presents challenges. The UK's Electricity Networks Commissioner, Nick Winsor, made 18 recommendations to government in summer 2023.

Taken together the report presents a comprehensive plan to significantly reduce the length of time to develop, consent and construct new transmission circuits.

“Very few new transmission circuits have been built in the last 30 years and a dramatic increase will be required through to 2050... the challenge is to reduce the timescale for building strategic transmission... and reduce the overall timescale to seven years. I am confident that this is achievable.”

Nick Winsor, UK Electricity Networks Commissioner, August 2023



Working together for sustainable outcomes

SSE's business success relies on constructive relationships with its stakeholders. Through meaningful engagement SSE seeks to ensure stakeholder perspectives are considered and that it drives positive change through its partnerships.

SSE's approach to stakeholder engagement

SSE promotes an open and transparent approach to stakeholder engagement which is supported by governance and accountability at both Group and Business Unit level. Through the course of its daily interactions with a broad range of stakeholders, SSE seeks to ensure that their perspectives are built into its business plans and objectives at every stage.

Stories in action
Throughout this report, SSE's sustainability policies, practice and performance are brought to life through stories in action, which include examples of strategic stakeholder engagement. They are identified with the following icons:

- Engagement in action
- Innovation in action
- Partnering in action
- Dilemma

SSE defines six key stakeholder groups which represent the people, communities and organisations who have an interest in its activities and may be affected by them – Employees; Shareholders and debt providers; Energy customers; Government and regulators; NGOs, communities and civil society; and Suppliers, contractors and partners. Detail on how SSE engages with these stakeholders, alongside the issues identified as material to them, can be found on pages 14 to 15 and 132 to 134 of SSE's Annual Report 2024.

Powering change through partnerships

Achieving more together

SSE has several well-established strategic partnerships that support collaboration on key sustainability-related issues, and form part of its sustainable culture and the way it operates. The nature of sustainability issues is that they often have external impacts and are linked to wider societal and environmental issues. By working in partnership, SSE can contribute positively to addressing these issues, enabling it to achieve more than it could if working alone.

Enduring partnerships

Enduring partnerships, like those with the Living Wage Foundation and the Fair Tax Foundation embody the heart of SSE's approach to partnering for sustainability – addressing key societal issues which represent key ways in which SSE can of share value with society. A decade on and SSE's commitment to these partnerships continues to strengthen as SSE announced it became a Living Pensions employer in November 2023 (see page [XXI]). SSE has also been working in partnership with Business in the Community Ireland for over eight years, which is a organisation driving sustainable change in business in Ireland (see page 13).

Collaborating with industry

The scale and complexity of net zero is something that can only be solved through collaborative action, by a range of actors. SSE is involved in several industry collaborations which focus on key challenges facing the energy sector, and how these can be addressed through collective action. Examples include: the Powering Net Zero Pact, a supply chain initiative working to address key challenges to bringing about a fair and just transition to net zero (see page 51); and, SSE Renewables being a founding

partner of the Carbon Trust's Offshore Wind Sustainability Joint Industry Partnership (SusJIP) aimed at establishing a framework for addressing lifecycle carbon emissions of offshore wind farms (see page 27).

Shared frameworks to impact change

SSE is signed-up to voluntary international frameworks, which ensures that it operates to highest standards aimed at ensuring the common good. This includes being a signatory of the UN Global Compact since 2018, aligning to its ten principles for corporate sustainability, and being a subscriber to the Institute of Business Ethics since 2014, through which it shares best practice on embedding ethical business cultures.



Building a lasting partnership in Ireland

SSE partnered with Business in the Community Ireland (BITCI) for over eight years. BITCI supports businesses to bring about a sustainable, low-carbon economy and a more inclusive society through providing access to

best practice and support for businesses, and creating a forum for industry collaboration. SSE has been involved in several strands of work through its relationship with BITCI, some of which are detailed below.



Marking a hat trick

In January 2024, SSE was recertified with the Business Working Responsibly Mark for the third time. The Mark was established in 2010 by BITCI and is a standard for sustainability that goes beyond legal compliance by fostering a culture of responsible business through continuous improvement, ongoing accountability, and leadership.

Focus areas across the business are

rigorously interrogated during an audit, independently verified by the National Standards Authority of Ireland, across a wide range of sustainability-related topics. Achieving the Mark was a culmination of collaborative engagement across the business and ensures that for a further three years SSE has an externally validated assurance of its sustainability credentials.



SSE celebrates achieving the Business Working Responsibly Mark for the third time.

BITCI's Elevate Pledge 2024 Annual Report - Bridging The Inclusion published

The Elevate Pledge was established by the BITCI's Leaders' Sub-Group on Social Inclusion, which SSE has been involved in since formation in 2018. Signatories to the Pledge commit to building inclusive workplaces that support everyone to thrive equally, with a focus on gathering workforce data to identify areas of success as well as gaps.

In February 2024, SSE provided data for the third Elevate Pledge report Bridging the Inclusion Gap, along with around



60 other signatory companies that represent over 150,000 employees, across 18 sectors. This data includes numbers on ethnicity, gender, disability,

socio-economic background and sexual orientation.

Some key findings included that compared to Irish society, the Elevate workforce has an over-representation of Black, Asian and other ethnicities, but an under-representation of workers with a disability and workers identifying as Irish Travelers. In addition, only 25% of signatories provided data on sexual orientation within their workforce. The full report and its findings can be found at bitc.ie.

All-Ireland, Low Carbon

SSE Airtricity is currently taking part in the All-Ireland Climate Action Pilot Programme for small and medium-sized enterprises (SMEs) with Bank of Ireland and Musgraves. This programme is being supported by BITCI and BITC Northern Ireland. The pilot programme has the objective of 'learning by doing' to understand better the challenges and opportunities of upskilling SMEs to address Climate Action in Ireland and improve scope 3 data emissions reporting. It will support SMEs to improve climate literacy, measure carbon performance

and develop carbon reduction plans.

SSE Airtricity will have the opportunity with the other partner companies within to upskill, share and innovate together so that jointly companies across the supply chain can lower their emissions. This work is part of SSE's wider involvement as a signatory of the BITCI Low Carbon Pledge, through which it annually discloses carbon performance along with 68 other member companies.



Advancing climate action

Meeting the expectations of its stakeholders means taking a credible, realistic, and trusted path to net zero. SSE's strategy is therefore aligned to the ambitions set out in the Paris Agreement and to the power sector's 1.5°C global warming pathway.



Cut carbon intensity by 80%



Reduce scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO₂e/kWh

SSE's scope 1 GHG intensity

2017/18
307gCO₂e/kWh

2030
61gCO₂e/kWh

2023/24
205gCO₂e/kWh

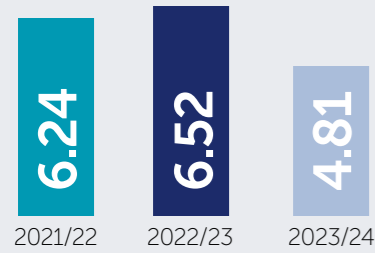
The scope 1 carbon intensity of electricity generated has reduced by 33% compared to 2017/18 levels, to 205gCO₂e/kWh. This is the lowest recorded by SSE, falling by 19% between 2022/23 and 2023/24.

The reduction in the carbon intensity of electricity generated during 2023/24 is the result of a slight increase in renewable generation and a decrease in thermal generation. Output from SSE's renewable generation portfolio (including pumped storage and biomass, and excluding constrained off wind in GB) increased slightly to 10.0TWh in 2023/24, from 9.7TWh the previous year; due to capacity additions such as Seagreen offshore wind farm which were partially offset by lower year-on-year wind speeds. Output from SSE's thermal generation decreased by 22% from the previous year, principally reflecting a normalisation of the market environment over the course of the year, and Tarbert oil-fired power station ceased generation.

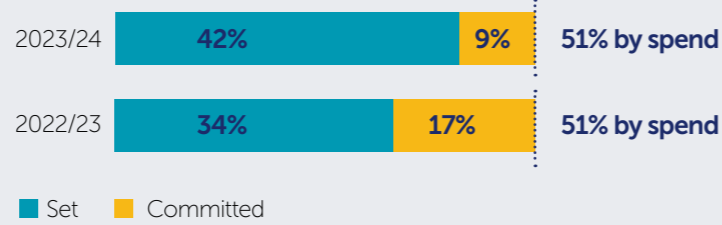
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Performance summary

Absolute scope 1 and 2 GHG emissions (MtCO₂e)



SBT commitments of SSE's suppliers by spend



Category	Description	Unit	2023/24	2022/23	2021/22
Greenhouse gas inventory	Scope 1 GHG emissions	MtCO ₂ e	4.34 ^(A)	6.08 ^(B)	5.75 ^(C)
	Scope 2 GHG emissions ¹	MtCO ₂ e	0.47 ^(A)	0.44 ^(B)	0.49 ^(C)
	Scope 3 GHG emissions ² (Categories 3, 4, 6, 9, 11 and 15 only)	MtCO ₂ e	4.46 ^(A)	4.81 ^(B)	3.69 ^(C)
	Total reported GHG emissions	MtCO ₂ e	9.27	11.33 ^(B)	9.93 ^(C)
Science-based carbon targets	Scope 1 and 2 emissions	MtCO ₂ e	4.81	6.52 ^(B)	6.24 ^(C)
	Scope 1 GHG emissions intensity of electricity generated	gCO ₂ e / kWh	205 ^(A)	254 ^(B)	259 ^(C)
	GHG emissions from gas sold (scope 3 carbon emissions)	MtCO ₂ e	2.01 ^(A)	2.16 ^(B)	2.29
	Proportion of SSE's suppliers by spend that have set or committed to set science-based targets through the SBTi ³ (target set/ committed to set target)	%	51 (42/9)	51 (34/17)	48 (n/a)
Operational impact	Sulphur hexafluoride (SF ₆) – thermal generation and electricity transmission and distribution activities	kg	265	424	305
	Purchased heat from non-renewable sources	GWh	4.86	3.36	3.38
	Purchased electricity from renewable sources	GWh	97.0	104.8	74.3
	Purchased electricity from non-renewable sources	GWh	105.3	97.9	118.6
CDP	SSE's CDP Climate Change Programme	Rating	A	A	A
Climate adaptation	Overhead line replacement and refurbishment ⁴	£m	25.0	30.2	22.8
	Tree cutting ⁴	£m	35.0	21.8	23.7
	Flood protection ⁴	£m	5.3	0.2	1.5

Detailed disclosure on the breakdown of SSE's scope 1, 2, and 3 emissions is available in SSE's sustainability data tables which can be accessed at [sse.com/sustainability](https://www.sse.com/sustainability).

^(A) This data has been extracted from the SSE plc Annual Report 2024 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report and SSE's GHG and Environmental Reporting Criteria 2024 on [sse.com/sustainability](https://www.sse.com/sustainability)

^(B) This data was previously reported in the SSE plc Sustainability Report 2023 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report and SSE's GHG and Water Reporting Criteria 2023 on [sse.com/sustainability](https://www.sse.com/sustainability)

^(C) This data was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report in SSE's Sustainability Report 2022 and SSE's GHG and Water Reporting Criteria 2022, both available on [sse.com/sustainability](https://www.sse.com/sustainability)

¹ SSE scope 2 emissions are calculated using the location-based method described in the Greenhouse Gas Protocol.

² SSE scope 3 GHG emissions reported consist of category 11 – use of sold products (gas sold) of 2.01MtCO₂e(A); category 15 – investments (joint venture investments); category 3 – fuel- and energy-related activities; category 9 – downstream transportation and distribution; category 4 – upstream transportation and distribution; and category 6 – business travel. Category 1 – purchased goods and services and category 2 – capital goods are excluded as SSE continues to develop and refine its accounting approach to calculate these figures to an acceptable level of accuracy.

³ SSE's supplier target is calculated from a 2019/20 baseline.

⁴ 2023/24 data may be subject to minor adjustment before final inclusion in the regulatory reporting pack published to Ofgem in July 2024. Some 2022/23 data has been slightly revised after finalisation of data for the July 2023 Ofgem regulatory reporting pack.

A strategy to support the net zero transition

SSE is at the forefront of the net zero transition, providing practical solutions to deliver a decarbonised energy system, reducing its carbon emissions whilst increasing focus on climate adaptation and resilience. SSE's enhanced capital investment programme 'NZAP Plus' accelerates delivery of its net zero ambitions with a practical plan of action in the short and medium term.

Targeting net zero

SSE aims to achieve net zero across scope 1 and 2 GHG emissions by 2040 at the latest (subject to security of supply requirements) and for remaining scope 3 GHG emissions by 2050 at the latest. On the pathway to these long-term net zero ambitions, SSE has a series of interim carbon targets, verified by the Science Based Targets Initiative (SBTi) and aligned to a 1.5°C pathway.

Transition planning for the medium to long term

SSE is an early adopter of transition planning and published its first Net Zero Transition Plan in March 2022. This was updated in October 2022 in response to shareholder and wider stakeholder feedback.

SSE's Net Zero Transition Plan is focused on actions to deliver the steep cuts needed in the medium term, on the pathway to net zero, and provides clarity for stakeholders around the elements within SSE's control. The updated plan outlines SSE's net zero aligned targets and describes 17 actions to reduce material GHG emissions across scopes 1, 2 and 3. Each of the SSE businesses contribute to the plan with their supporting climate targets and transition plans.

Throughout 2023/24 SSE actively supported the Delivery Group of the UK HM Treasury-led Transition Plan Taskforce (TPT) because of its experience as an early adopter of climate transition planning; SSE was invited to join three Working Groups: Electric Utility and Power Generators; Adaptation; and Just Transition. SSE supported these Working Groups with developing topic and sector-specific guidance on transition plans.

The TPT published its Disclosure Framework in October 2023, followed

What does it mean to be net zero?

SSE will, first and foremost, take action to reduce emissions as low as possible and its Net Zero Transition Plan sets out the key actions it is taking to achieve its targets to drive progress towards its net zero ambitions.

It is well known that to reach net zero, companies must deeply reduce emissions and neutralise the impact of its remaining emissions. Only when abatement is maximised will SSE deploy technologies or nature-based solutions that will neutralise residual emissions. SSE notes stakeholder concern regarding the use of 'offsets' in net zero strategies and, while trusted carbon markets must provide part of the answer in the long term, SSE remains cautious about their validity. It therefore is ruling out the use of offsets as part of its own net zero plan in both the short and medium term.

by its final Sector Deep Dive Guidance in April 2024. SSE remains committed to best practice planning and disclosure and over the coming year will review this latest guidance as part of the TPT's recommendation to update standalone transition plans on a three-yearly cycle. More information on SSE's action plan can be found in the Net Zero Transition Report summary table on pages 32 and 33.

SSE Renewables Net Zero Transition Plan

At COP28 in December 2023, SSE Renewables unveiled its comprehensive Net Zero Transition Plan, detailing the business's strategy to reduce its carbon footprint in alignment with climate science between now and 2050. This Plan serves as a roadmap to net zero, identifying carbon-intensive 'hotspots' in the development and production of renewable energy which SSE Renewables will seek to address across the business. SSE Renewables' Plan compliments the SSE Group Net Zero Transition Plan, outlining its pathway to net zero in its own business context.

Reporting on progress

Both SSE and its investors benefit from high-quality engagement on climate-related issues. SSE has committed through its shareholder resolution for shareholders to receive its Net Zero Transition Report

annually. SSE's Net Zero Transition Report is published each year in June, alongside SSE's full-year corporate reporting suite. The Report summarises SSE's progress against the targets and actions set out in its Net Zero Transition Plan and provides a navigation tool for shareholders. SSE's Net Zero Transition Report 2023 was received by shareholders at the Annual General Meeting in July 2023, with 97.63% of votes cast in favour. While this annual exercise is of mutual benefit, SSE will consult during 2024/25 as to whether a three-yearly cycle of shareholder votes might be more proportionate and appropriate, particularly as this would align to the recent TPT Disclosure Framework's recommendations.



Performance against the Net Zero Transition Plan

As set out in SSE's Net Zero Transition Plan, SSE aims to reduce its GHG emissions in line with the power sector 1.5°C pathway and has set interim science-based targets en route to net zero.

SSE's Net Zero Transition Plan pathway

S1 Scope 1 S2 Scope 2 S3 Scope 3

	2025	2035	2050
TARGET	SHORT TERM (TO 2025)	MEDIUM TERM (2025–2035)	LONG TERM (2035–2050)
	Engage with 50% of suppliers by spend to set an SBT by 2024	Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030, from 2017/18 baseline	Reduce absolute GHG emissions by 72.5% by 2030 from a 2017/18 base year
	Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year	Net zero for SSE's scope 1 and 2 emissions by 2040	Net zero for all SSE's remaining scope 3 emissions by 2050
	S3	S1 S2	S3

Note: for definitions of Scopes 1, 2 and 3 SSE follows the GHG Protocol. For further information on SSE's GHG and Environmental Reporting Criteria 2024 see sse.com/sustainability



The challenge of the next decade for power systems the world over is, of course, to remove greenhouse gas emissions. The good news is that we know exactly how we will do that. The complexity comes as the market changes: new demand is coming, but what will its shape and trajectory be? Old generation units are becoming less reliable, and there are delays in deploying new low-carbon flexible alternatives. So – our job at SSE – is to make that transition pathway as smooth and orderly as we can, for the benefit of everyone."

Martin Pibworth
Chief Commercial Officer



SSE's suite of climate-related disclosures

SSE's climate-related information is disclosed across a number of reports in SSE's annual corporate reporting suite, alongside its submission to the CDP Climate Change programme. These disclosures are designed to complement each other and provide stakeholders with a holistic view of SSE's performance in managing climate-related opportunities and risks. All reports are available at sse.com/sustainability.



Climate performance in 2023/24

In 2023/24, SSE's total reported GHG emissions consisted of 47% scope 1 emissions, 5% scope 2 emissions and 48% from scope 3 emissions measured. Overall, SSE's total reported GHG emissions fell by 18% between 2022/23 and 2023/24.

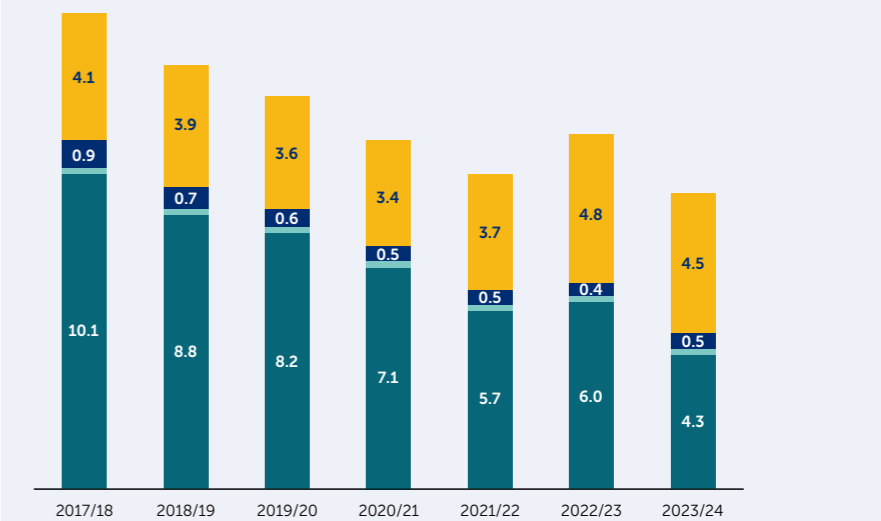
Figure 2 shows SSE's changing carbon footprint over time and that absolute scope 1 GHG emissions in 2023/24 were the lowest recorded by SSE. Between 2022/23 and 2023/24, GHG emissions arising from electricity generation, decreased by around 29%.

This is balanced by an increase in scope 3 emissions which for the first time represented the largest portion of SSE's total GHG emissions in 2023/24.

Performance against science-based carbon targets

SSE reviews progress against its SBTi-verified carbon targets annually as outlined in Figure 3. In 2023/24, SSE experienced a strong year of performance, recording its lowest scope 1 GHG emissions, maintaining its trajectory towards its 2030 science-based carbon targets having exceeded its supplier engagement target since 2022/23.

Figure 2: SSE's GHG emissions by scopes between 2017/18 and 2023/24 (million tonnes CO₂e)



- Scope 3:** Gas sold (category 11), joint venture investments (category 15), well-to-tank emission from raw fuels purchased and transmission and distribution emissions from electricity used in non-operational and operational buildings (category 3), SSEN Transmission network losses (category 9), contractor vessels (category 4), and business travel (category 6)
- Scope 2:** Electricity consumption in operational and non-operational buildings and SSEN Distribution network losses
- Other scope 1:** Operational vehicles and fixed generation, sulphur hexafluoride and gas consumption in buildings
- Scope 1:** Electricity generation carbon emissions

Figure 3: SSE's performance against its science-based carbon targets

Target	Unit	2017/18	2022/23	2023/24	Target	Progress against target
Reduce the GHG intensity of scope 1 GHG emissions by 80% by 2030, from a 2017/18 base year	gCO ₂ e/kWh	307	254	205	61	2023/24: 33% 2030 target: 80% 41% of targeted reduction achieved
Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2017/18 base year	MtCO ₂ e	11.06	6.52	4.81	3.04	2023/24: 57% 2030 target: 72.5% 78% of targeted reduction achieved
Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year	MtCO ₂ e	2.53	2.16	2.01	1.27	2023/24: 21% 2034 target: 50% 41% of targeted reduction achieved
Engage with 50% of suppliers by spend to set an SBT by 2024	%	0	51	51	50	2024 target (50%): 51% 2023/24: 102% of target achieved

Decarbonising SSE's electricity generation and operational emissions (scope 1 and 2)

Electricity generation is the largest contributor to SSE's direct climate impact and its focus is to transitioning to low-carbon generation, supporting the delivery of a net zero electricity system. SSE is also working hard to reduce its wider operational emissions from its business activities.

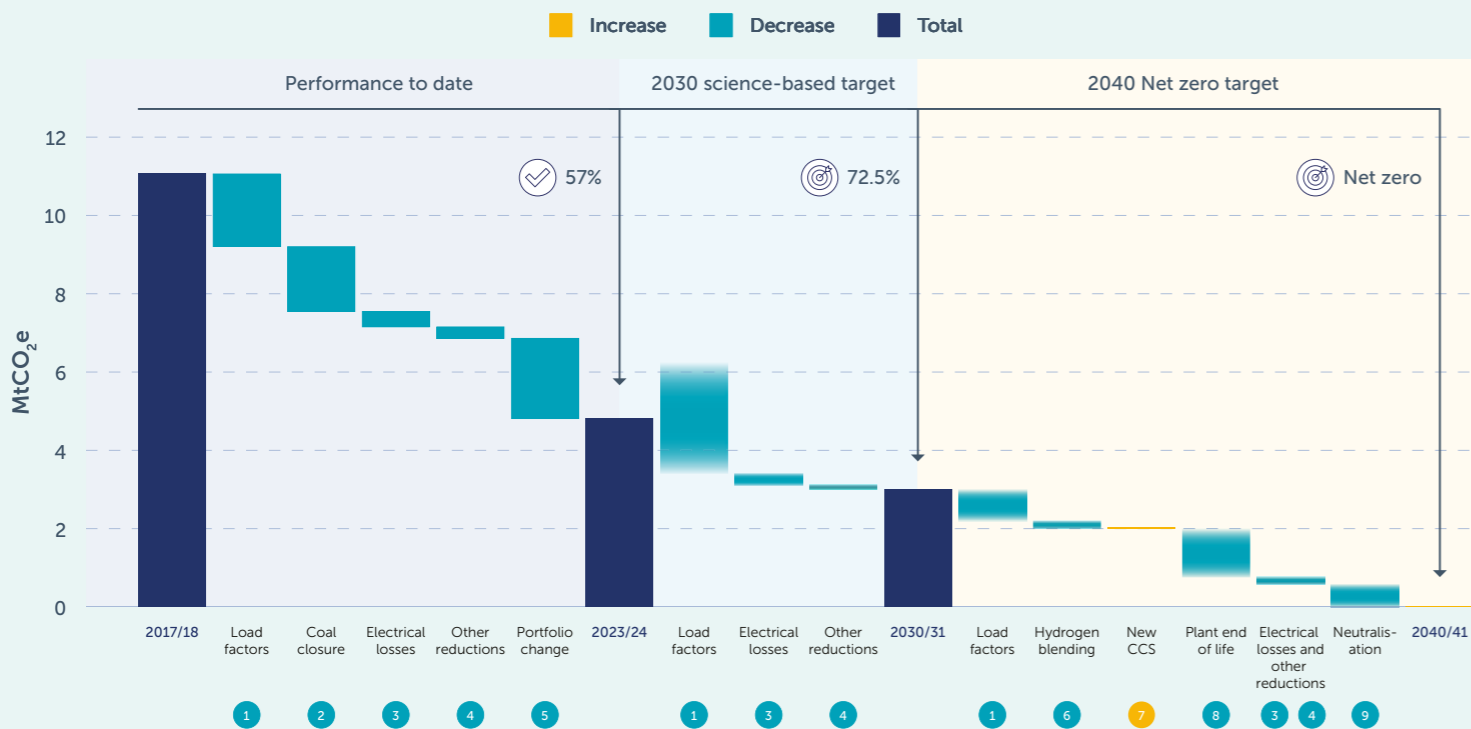
SSE's transition pathway 'levers' for scope 1 and 2 emissions

SSE is committed to best practice net zero transition planning and disclosure. For the first time, SSE has set out its scope 1 and 2 transition pathway that clearly presents the key levers required to meet its 2030 science-based targets and 2040 net zero commitment as shown in Figure 4.

An orderly transition to net zero may not be linear, however, it is clear that over time the energy system needs to emit less by transitioning away from unabated gas generation, at the same time as developing new low-carbon flexible generation. SSE will also continue to decarbonise its wider and less material operational emissions related to SF₆, losses, standby generation, fleet, and buildings energy use, which combined accounted for 9% of scope 1 and 2 emissions in 2017/18. Finally, residual emissions will be neutralised by 2040 at the latest.



Figure 4: SSE's net zero transition pathway levers for scope 1 and 2 emissions



Levers post 2023/24 are forward-looking estimates to transparently present SSE's scope 1 and 2 transition pathway for its stakeholders. It is expected that these estimates will change in the future, in line with market developments.

Performance to-date

Over 2023/24, SSE made important progress against its SBTi-validated science-based target, achieving a 57% reduction in scope 1 and 2 emissions compared to its 2017/18 baseline. SSE targets a 72.5% decrease in emissions by 2030/31.

Most of the historic emissions reductions were attained through strategic measures, including the phase out of coal-fired power generation. SSE closed its final coal-fired power station in 2020, four years ahead of the UK Government's decision to ban coal-fired power generation from October 2024. The closure of Fiddlers Ferry in 2020 followed the closure of SSE's Ferrybridge coal-fired power station in 2016.

Additionally, SSE has adapted to evolving market dynamics, with lower load factors across its power station fleet due to the changing nature of electricity supply on the GB power system, including a higher share of intermittent renewable generation.

SSE's portfolio has also changed since 2017/18, following the end of its Power Purchase Agreement with Seabank Power Station in 2021. SSE now reports 50% of

Seabank's GHG emissions in its scope 3 inventory, recognising its 50% ownership share.

Further emissions reductions were realised as a result of a lower-carbon impact of electricity distribution losses, the electrification of operational vehicles, and enhanced energy efficiency in non-operational buildings.

2030 science-based target

To meet its ambitious science-based target, SSE plans to continue reducing emissions by further decreasing load factors across its existing thermal fleet. While SSE anticipates older unabated gas-fired power stations will reach the end of their economic and engineering design life between 2030 and 2040, or reach the end of their life as a result of policy decisions, it expects shorter running hours and increased deployment of flexible response mechanisms to adopt to changing system needs and weather patterns.

With further emissions reductions across its distribution network and from other initiatives, such as using lower Global Warming Potential (GWP) SF₆ alternative insulation and interruption gases (IIGs),

SSE remains focused on meeting its science-based target by 2030/31.

2040 net zero target

Looking ahead to its net zero commitment by 2040/41, SSE has identified five key levers to achieve its goal. These include further load factor reductions, integrating low-carbon hydrogen into its newest CCGT power stations, and systematically phasing out older, high-carbon gas-fired power stations at their end of life to a low-carbon flexible thermal fleet using technologies like hydrogen and carbon capture and storage (CCS). Whilst new CCS will result in a small increase in emissions in the future, SSE is also spearheading efforts to enhance carbon capture rates to between 95% and 99%, thus mitigating residual emissions.

While residual emissions are anticipated in 2040/41, SSE expects to neutralise remaining emissions through a combination of engineered and nature-based carbon removal solutions, verified against best available science and independent standards. By leveraging a diverse array of decarbonisation levers, SSE aims to achieve net zero emissions across its scope 1 and 2 emissions by 2040 at the latest.



Lever descriptions

Lever	Description
1 Load factors	As markets continue to transition towards increased intermittent renewable generation over the next decade, and low-carbon flexible options such as carbon capture and storage, hydrogen and pumped hydro storage begin to be deployed, reduced running hours are expected from existing thermal plant. A flexible response, and a strategic reserve will be required from these assets, to respond to system needs and weather patterns, however this is expected to be for shorter periods of time, therefore reducing the emissions impact.
2 Coal closure	SSE closed its final coal-fired power station in 2020, four years ahead of the UK Government's decision to ban coal-fired power generation from October 2024. The closure of Fiddler's Ferry in 2020 followed the closure of SSE's Ferrybridge coal-fired power station in 2016.
3 Electrical losses	Emissions arising from technical and non-technical distribution losses are falling, mainly as a result of the lower-carbon intensity of the average unit of electricity on the power system. Further reductions will be achieved by installing lower loss assets, optimising network configuration, and tackling electricity theft.
4 Other reductions	SSE has achieved emissions reductions arising from other, less material sources of scope 1 and 2 emissions. Further reductions will be achieved by electrifying SSE's fleet of operational vehicles, reducing SF ₆ leakage rates at the same time as deploying alternative insulation and interruption gases (IIGs) with lower global warming potentials and improving energy efficiency in its operational and non-operational buildings.
5 Portfolio change	Under the guidance from the GHG Protocol, SSE follows the 'operational control' method for carbon accounting. Changes to the operational structure of its joint venture power stations therefore impacts on SSE's greenhouse gas inventory. For example, in 2021 SSE's Power Purchase Agreement with Seabank Power Station ended. For the duration of the Power Purchase Agreement, SSE reported 100% of Seabank's GHG emissions in its scope 1 inventory. SSE now reports 50% of Seabank's GHG emissions in its scope 3 inventory, recognising its 50% ownership share.
6 Hydrogen Blending	Blending low-carbon hydrogen into existing power stations is an iterative step towards decarbonisation of power generation, displacing higher-carbon gas with a lower-carbon fuel. New and efficient stations like Keadby 2 can take a blend of low-carbon hydrogen when the fuel and supporting infrastructure is available.
7 New CCS	New flexible power stations, using technologies like hydrogen and carbon capture and storage (CCS), are expected to replace existing high-carbon flexible power stations. Power stations with CCS will be capable of capturing at least 90% of CO ₂ emissions associated with power generation, however there are residual emissions that will slightly increase SSE's scope 1 inventory. SSE is leading a project to increase capture rates to between 95% and 99%, limiting the residual emissions from these new assets.
8 Plant end-of-life	It is expected that SSE's older unabated gas-fired power stations will reach the end of their economic and engineering design life between 2030 and 2040, or reach the end of their life as a result of policy decisions.
9 Neutralisation	SSE will remove and store any residual greenhouse emissions. These are defined as emissions that remain after all action has been taken to remove them from SSE's direct and indirect activities because they are too difficult or expensive to abate. Both engineered and nature-based carbon removal solutions verified against the best available science and independent frameworks will be considered in 2040.



Tackling operational scope 1 and 2 emissions

Managing electrical losses on the distribution networks

Distribution losses refer to the electricity lost as it travels through SSEN's equipment, known as technical losses, or through measurement inaccuracies and theft, known as non-technical losses. Emissions arising from distribution losses are the main source of SSEN's scope 2 emissions, accounting for 89% in 2023/24. Between 2022/23 and 2023/24 there was an increase in electricity lost across SSEN Distribution's network, contributing to a 7% increase in scope 2 emissions compared to the previous year due to an increase in power transported across the distribution networks.

Reducing emissions from electricity losses across SSEN Distribution's networks is a key component of its RIIO-ED2 Business Plan. Over the past year, SSEN Distribution has refreshed its losses strategy, with a revised structure and the latest data to improve clarity for its stakeholders. The strategy, which can be found at [ssen.co.uk](https://www.ssen.co.uk), aims to reduce electrical losses through targeted actions such as setting asset and network design policies to minimise losses, installing lower loss assets and optimising network configurations where appropriate.

SSEN is also trialing techniques to stabilise power factors and improve power quality, using these practices to assess suitable applications within its network. Tackling electricity theft and calculation anomalies is also a priority, achieved through investigation work and wide-reaching public communications.

To enhance the understanding of network losses, SSEN is committed to ongoing research, innovation, and collaboration. In the first year of the RIIO-ED2 price control period, the focus has been on updating design standards for cable and overhead line sizing, improving substation energy efficiency, replacing high-loss transformers, and resolving conveyancing inaccuracies. Further innovation work is ongoing to refine loss calculation methods, allowing SSEN to better account its losses and implement further targeted losses reduction actions.



Protective Nashguard coating applied to 132kV Gas Insulated Busbar (GIB) at Crossaig Substation, to help reduce leakages of SF₆.

Innovation in action

SSEN Transmission is tackling SF₆ leaks head on to deliver a Network for Net Zero

SSEN Transmission had its best year for SF₆ gas leakage since setting its science-based target in 2020, achieving a leakage rate of 0.17% of installed volume. It was its second-best year for absolute leakage, with a total of 105.93kg leaked. While the ultimate objective must be to eliminate the use of a gas with such a high greenhouse gas warming potential, it is an extremely useful gas to keep people safe from electrical 'arcing'. Alternatives are emerging, but they are not yet able to be deployed in every situation. Therefore, the interim objective must be to reduce the losses from SF₆ as far as practical.

During 2023/24, SSEN Transmission established a SF₆ working group to investigate how to improve leakage performance further. The working group analysed several potential leak reduction methods, to identify which have the biggest impact for implementation.

Work has started on rolling out SF₆ Gas Density Monitoring systems on 163 SF₆ filled circuit breakers to identify leaks early and allowing faster intervention to repair leaks.

The data shows that many SF₆ leaks of SSEN Transmission networks are caused by corrosion which damages the flanges between components. As

a result, trials have been introduced to apply specialist coating systems to flanges and joints to seal them from the atmosphere and slow or prevent corrosion. SSEN Transmission has targeted installation on outdoor Gas Insulated Busbars (GIB) as 26% of its bays containing outdoor GIB have leaked due to corrosion, accounting for 25% of SSEN Transmission's SF₆ leakage over the last five years. The coatings have now been applied at three sites and will be monitored to evaluate performance.

Alongside these trials SSEN Transmission has also undertaken the following measures over the past year:

- Instigated a review of leaks caused by process failures. While these are rare events they can result in large leaks and have different root causes to the more typical condition related leaks.
- Work is underway to strengthen the criteria for intervening on leaking assets to place greater focus on proactive intervention to prevent leaks or reduce their frequency rather than reactive repair.
- The Operations and Maintenance team has identified a number of ways to improve leakage performance when leaks have been identified by undertaking more proactive repair work.

More information on SSEN's action to reduce scope 2 emissions from energy consumption can be found in SSEN's Annual Report on page 49.

Managing and replacing SF₆

Sulphur hexafluoride (SF₆) gas has been used extensively across the electrical industry due to its insulating and interruption properties, making it possible to reduce equipment size and improve reliability and safety. However, SF₆ is a greenhouse gas that is 23,500 times more harmful to the Earth's atmosphere than carbon dioxide which, if released, stays in the atmosphere for over 3,000 years. As a result, SSEN's networks and thermal businesses have been adopting specific procedures to manage, monitor and report SF₆ to prevent and reduce SF₆ leakages. In 2023/24, SSEN's reported SF₆ emissions decreased to 265kg from 424kg the previous year.

Reducing reliance on island diesel generation

SSEN Distribution's embedded diesel generation ensures continuous power supply for customers on the Scottish Islands. These generation sites, which are crucial as a last resort, provide security of supply to some of the most isolated and vulnerable customers, ensuring that they have power during storms and planned maintenance outages. This embedded generation is currently run on carbon-intensive heavy fuel oil and is a significant source of SSEN Distribution's emissions.

SSEN Distribution is dedicated to reducing its reliance on diesel generation across both of its licence areas and is exploring alternative technologies (such as biofuels), reviewing operational methods, and assessing potential network configurations to minimise the need for emergency generation during RIIO-ED2 and in the long term. For example, at Lerwick Power Station a new diesel engine was installed with selective catalytic reduction (SCR) abatement to reduce the GHG emissions arising from the standby generation. trialed alternative technologies in mobile generators such as Hydrotreated Vegetable Oil (HVO) in eight mobile diesel generation sets. SSEN Distribution also trialed a 'Allye Max' battery mobile generator at the end of the 2023 so that clean energy was used for a transformer replacement rather than using a conventional diesel generator

for maintaining security of supply for 60 customers.

Electrifying SSEN's vehicle fleet

Since joining The Climate Group's EV100 initiative in 2019, SSEN has committed to transitioning 2,500 vehicles to electric by 2030 and installing charging points at its sites. By the end of March 2024, 66% of SSEN's car fleet was fully electric, increasing from 57% the previous year. Including Plug-in Hybrids (PHEVs), low-emission vehicles now comprise 83.5% of SSEN's fleet, up from 73% the previous year. This expansion has reduced the average CO₂ emissions across SSEN's car fleet from 106g CO₂/km in 2020 to 24g CO₂/km in 2024.

SSEN has expanded its fully electric commercial van fleet since joining EV100. In 2023/24, SSEN's commercial vehicle fleet has 46 fully electric vans, with an additional three on order. SSEN continues to trial all low-emission and fully electric vans that enter the market, aiming to increase volumes as suitable vehicles become available to meet operational needs. See page 56 for more information on how SSEN Distribution is decarbonising its operational fleet.

SSEN has continued to grow and improve its electric vehicle (EV) charging infrastructure. Over 2023/24, installations increased to 472 from 398 the previous year, including 367 fast and 3 ultra-rapid

charge points. The upgrade of first generation 7kW charge points to smart 7kW or 22kW chargers has also begun across the estate.

In addition to the EV100 commitment, in June 2020 SSEN launched a low emissions company car scheme for employees, it was revised in August 2023 to increase the range of EVs on offer, and has led to a significant increase in the uptake of electric and low-emission vehicles by employees through the scheme.

Trialing new electric vehicles across SSEN's operations

With many of SSEN's assets being in remote locations, SSEN's operational vehicles must be able to operate to high standards in these challenging environments. A number of SSEN's Business Units have been trialing electric vans to understand how they perform in these conditions. In June 2023, SSEN Renewables successfully trialed the Munro 4x4 EV at the Clyde Wind Farm and following enhancements to the vehicle, further trials are planned for 2024/25. SSEN Renewables is also trialing a Spartan Motors 4x4 utility vehicle at Coire Glas.

SSEN Distribution also has an ambitious commitment for 80% of its vehicles up to 3.5 tonnes to be EV by end of RIIO-ED2 (2028), and 100% by 2030. Progress against his ambition is outlined on page 56.



Decarbonising SSE's value chain emissions (scope 3)

SSE has an important role to play in influencing the decarbonisation of its indirect value chain emissions by advocating for decarbonised heat, working with joint venture partners and collaborating with its supply chain.

SSE's scope 3 performance

For the first time, SSE's reported scope 3 emissions represented the largest portion of SSE's total GHG emissions inventory in 2023/24, totaling 4.46MtCO₂e. As shown in Figure 5, the largest contributors to SSE's scope 3 GHG inventory for the year were gas sold to customers (45%) and emissions associated with joint venture thermal generation (36%), with the remaining scope 3 emissions arising from purchased fuels, transmission losses and business travel.

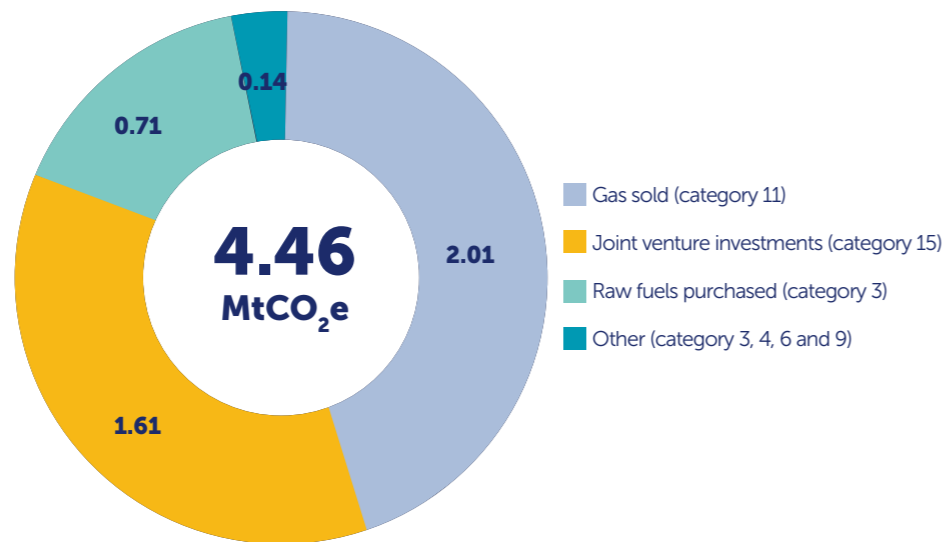
Overall, scope 3 emissions have decreased by 7% between 2022/23 and 2023/24, mainly driven by a reduction in the well-to-tank emissions arising from purchased fuels (category 3 – fuel and energy-related activities). Specifically, upstream emissions from the fuel purchased for electricity generation dropped by 30% due to the reduction in thermal generation output over the year and gas sold emissions dropped by 7%. However, there were also increases in scope 3 emissions from SSEN Transmission network losses driven from an increase in power transported across the network and from joint venture thermal generation as this is the first full year that Triton Power Limited was included in SSE's scope 3 inventory.

Over the past year, SSE's scope 3 action has focused on supporting customers with energy efficiency measures, advocating for heat decarbonisation, engaging with joint venture partners to deliver net zero transition pathways and working to improve its scope 3 reporting for goods and services.

Addressing emissions arising from gas sold

The decarbonisation of heat is a key challenge in the transition to net zero. Gas sold to customers contributed to 45% of SSE's scope 3 emissions in 2023/24,

Figure 5: SSE's reported scope 3 GHG emissions 2023/24



totaling 2.01MtCO₂e. SSE has a science-based target to reduce these absolute GHG emissions by 50% by 2034 from a 2017/18 base year.

SSE has reduced absolute emissions from the use of sold products by 21%, compared to 2017/18 levels. Between 2022/23 and 2023/24, there was a 7% reduction in GHG emissions arising from gas sold to customers, due to a fall in business energy customer accounts.

A clear pathway for the decarbonisation of heat for both households and businesses is yet to emerge. However, the long-term strategy is to reduce gas consumption by working with customers to become more energy efficient, switch to low-carbon sources of heat and advocate for heat decarbonisation. This includes SSE Airtricity's work to support customers with energy efficiency measures and deliver large-scale energy efficiency retrofit projects. See pages 40 to 41 for more information.

Advocating for heat decarbonisation

In December 2023, the UK Government published a consultation on proposals for a new regulatory and zoning regime to

support investment in heat networks in England. The legislative passage of these proposals would help unlock an ambitious heat project pipeline under development by the business that is pioneering innovation in heat distribution. This includes capturing heat from data centres, deep geothermal, electricity network transformers and energy from waste plants.

SSE Enterprise has engaged the UK Government throughout the consultation process to make the case for the right policy and regulatory regime to accelerate private investment in heat network zoning, a UK growth market forecast to be £60-80bn by 2050 if the 20% target for heat networks is to be achieved. SSE is a member of the Association for Decentralised Energy and Heat Networks Industry Council and has been active in these forums in shaping an industry-wide review on the right policy interventions required.

More widely, SSE has responded and is engaging with the Scottish Government's Heat in Buildings Bill, which proposes to provide local authorities with powers to require buildings located within a "Heat Network Zone" to end the use of polluting

heating systems, either by connecting to a heat network or by installing some other clean heating system. This also includes horizon scanning the district heat policy landscape in Wales and Republic of Ireland, where emerging government strategies on clean heat are in the early stages of development.

Transition pathways for joint ventures

Emissions associated with joint venture thermal generation are now the second largest category of SSE's reported scope 3 emissions following the end of the Power Purchase Agreement (PPA) at the Seabank power station in 2021 and SSE's acquisition of a 50% equity share in Triton Power Ltd in 2022. The Triton Power portfolio consists of three strategically-located assets, with the largest being Saltend Power Station in the Humber region.

SSE is working with its joint venture partners to ensure that its gas-fired joint ventures are aligned with a net zero pathway to support the long-term decarbonisation of the UK's power system whilst contributing to security of supply and grid stability. For example, SSE is developing options for hydrogen blending at Saltend Power Station with pre-FEED activity under way this year to target blending up to 30% of low-carbon hydrogen by 2027.

During 2023/24 SSE has been promoting the Transition Plan Taskforce (TPT) disclosure framework with its joint venture partners to deliver a credible and trusted net zero transition pathway.

Improving transparency of goods and services

A decarbonised energy sector is essential for enabling the net zero transition; however, SSE recognises the climate impact of the goods and services it procures to deliver crucial net zero infrastructure over the coming years. Tackling scope 3 emissions is inherently complex for any company, however, a key challenge is the ability to confidently quantify and then manage scope 3

emissions associated with the purchased goods and services (category 1) and the capital goods (category 2) it buys. As SSE invests £20.5bn over the five years to 2027, it expects these emissions to increase over the short to medium term as it builds clean electricity infrastructure and global supply chains are still transitioning to net zero.

SSE is working to better understand the GHG emissions arising from its purchased goods and services to better manage its supply chain emissions. Over the past year, SSE has explored a spend-based analysis using monetary emission calculations for these scope 3 categories. This initial analysis identified five areas of focus: (1) hire and/or charter of marine vessels; (2) wind turbine components; (3) project construction activities (4) transmission substations works; and (5) subsea cable supply.

While this approach provides a starting point, there are drawbacks to this methodology such as relying on broad economic sector averages that can lack granularity, be unrepresentative and do not measure performance. Over the coming year, SSE will undertake further analysis

using more specific data from suppliers and projects to collect more accurate and actionable data as SSEN Distribution, SSEN Transmission, and SSE Renewables are developing methodologies for measuring project level scope 3 GHG emissions. By focusing on key suppliers and using more detailed activity-based data where possible, SSE can improve the accuracy of its emissions estimates.

SSE is committed to report scope 3 category 1 and category 2 emissions once they are calculated to an acceptable level of accuracy. While SSE is developing a robust methodology to calculate and report these emissions, it continues to engage suppliers to set science-based targets and is actively working with its suppliers to tackle these emissions through the Powering Net Zero Pact. The Powering Net Zero Pact is an initiative created by SSE with 10 other founding partners across all tiers of the power sector, more information can be found on page 51.

More information on SSE's approach to sustainable procurement can be found on pages 49 to 51.

Partnering in action

Collaborating on a scope 3 methodology for offshore wind farms

To identify the most impactful actions for offshore wind, SSE Renewables became a founding partner of the Carbon Trust's Offshore Wind Sustainability Joint Industry Partnership (SusJIP). Launched in January 2023, SusJIP brings together global offshore wind developers to establish a common methodology and guidance for measuring and addressing carbon emissions throughout the lifecycle of offshore wind farms. This initiative aims to develop the first standardised approach for calculating lifecycle emissions of an offshore wind farm. By doing so, it will identify key carbon emission drivers and hotspots, while also improving data quality, availability, and transparency across the supply chain.

SSE Renewables has started to trial the SusJIP approach on developments to understand how best to implement it within project design processes and provide feedback for the methodology development.

Adapting to climate change and building resilience

With the latest science demonstrating clearly that climate change is accelerating, SSE's focus is on ensuring it is resilient to changing climate and weather events by anticipating and adapting to climate-related impacts.

The physical impacts of climate change

The physical effects of climate change have the potential to adversely impact SSE's operations and interrupt the supply of energy to energy customers. The physical impacts of climate change are considered within SSE's Task Force on Climate-related Financial Disclosures (TCFD) and SSE's network businesses have set out resilience strategies with climate adaptation actions in their price control business plans.

Assessing SSE's climate-related opportunities and risks

Since 2018, SSE has been aligning its disclosures to the TCFD recommendations and identified five key climate-related opportunities and four key climate-related risks. The includes an assessment of two physical climate risks related to variable renewable generation and extreme weather network damage that could impact SSE operations.

This year SSE has integrated its disclosures against the TCFD recommendations throughout its Annual Report, providing stakeholders with a holistic picture of how it is thoroughly embedded through its business processes. A summary of these opportunities and risks, and how they impact the strategy, can be found in Figure 6. Further information on SSE's TCFD disclosure can be found on pages 98 to 105 of its Annual Report 2024.

Figure 6: Summary of SSE's key climate-related opportunities and risks

The below table provides a summary of SSE's material climate-related opportunities and risks, alongside time horizon assessed and the scenario sensitivity. For full, detailed climate-related opportunity and risk tables, see pages 102 to 105 of SSE's Annual Report 2024.

	Time horizon	Scenario sensitivity		
		2030	2050	2080
Transition opportunities	Accelerated wind investment	●●●●	●●●●	●●●●
	Accelerated transmission growth	●●●●	●●●●	●●●●
	Valuable flexible hydro	●●●●	●●●●	●●●●
	Valuable flexible thermal	●●●●	●●●●	●●●●
	Driving distribution transformation	●●●●	●●●●	●●●●
Transition risks	Accelerated gas closure	●●●●	●●●●	●●●●
	Wind generation price	●●●●	●●●●	●●●●
Physical risks	Variable renewable generation risk	●●●●	●●●●	●●●●
	Extreme weather network damage	●●●●	●●●●	●●●●

Increasing focus on climate adaptation and resilience

SSE continues to implement climate risk and adaptation actions to prepare for extreme weather events, including monitoring short- and long-term weather patterns, using climate projections, crisis management and business continuity plans and investment programmes to improve infrastructure resilience.

For example, during 2023/24, SSEN Distribution increased its operational resources to effectively respond to ten named storms. Six of these storms occurred between October 2023 and January 2024, during which SSEN Distribution successfully restored power to approximately 257,000 affected customers. More information on how SSEN Distribution supported customers during these weather events can be found on page 35 in the Annual Report 2024.

SSEN Distribution Climate Resilience Strategy and Adaptation Action Plan

SSEN Distribution has set out a Climate Resilience Strategy with climate adaptation actions in its price control framework. Last year, SSEN Distribution published a strategic update and progress report against this Climate Resilience Strategy.

The report highlighted that since the RIIO-ED2 business plan submission, SSEN Distribution has invested £16.63m into flood mitigation measures at substations, continued to engage key stakeholders such as industry, academia, Met Office, and the Electricity Networks Association Climate Resilience Working Group, learned from extreme weather events which affected the distribution network and progressed modelling work to drive network planning and investment decisions. SSEN Distribution will report for the fourth round of the National Adaptation Programme in late 2024.

For more information, refer to the SSEN Distribution Climate Resilience Strategic Update and Progress Report found at [ssen.co.uk](https://www.ssen.co.uk).

OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023
Storm Babet Aberdeenshire, Angus and Perthshire 37,000 customers restored	Storm Ciarán Central southern England 35,000 customers restored	Storm Gerrit North of Scotland 48,000 customers restored
JANUARY 2024		
Storm Henk Central southern England 60,000 customers restored	Storm Isha Central southern England and north of Scotland 70,000 customers restored	Storm Jocelyn North of Scotland 7,000 customers restored



Advocating for Climate Action

SSE promotes actions for a fair, just and accelerated pathway net zero by working with policy makers, trade associations and other key stakeholders.

From ambition to action

As the UK's clean energy champion, SSE believes that by developing clean homegrown energy, the country can drive economic growth, support families, and lead the world in tackling climate change by cutting emissions in line with the goals of the Paris Agreement.

In June 2023, SSE published its From ambition to action report, in which it sets out how the UK Government can seize the opportunity to become a global climate leader through four key pillars:

1. Accelerate renewables to take full advantage of the UK's world-leading offshore wind potential.
2. Fast-track investment in electricity networks to accelerate economic growth across all regions.
3. Revitalise the UK's industrial heartlands by pioneering clean, flexible energy technologies and green industries.
4. Build UK supply chains and deliver the benefits of the net zero transition for people and nature.

During 2023/24 SSE continued to advocate for accelerated climate action with a focus

on increasing deployment of renewable generation, transforming electricity networks, low-carbon flexible generation and a just transition.

Accelerating renewables deployment

Following the UK Contract for Difference Allocation Round in 2023 (AR5) failing to secure contracts for fixed bottom and floating offshore wind, in 2023/24 SSE delivered a programme of advocacy working with industry bodies, developers and supply chain for the next six allocation round (AR6), detailing why the maximum price set by government in AR5 did not reflect the global cost pressures now facing the offshore wind industry.

The parameters for AR6 have set maximum prices at more sustainable and investible levels and UK Government have also significantly increased the budget for offshore wind. While these are positive developments and a welcome recognition that the cost of offshore wind has reached an inflection point, further increased ambition for AR6 and next year's auction AR7 is needed to secure the volumes required to get us back on track to meeting the government's 2030 targets for offshore wind.

Over several years SSE has also advocated for a market mechanism to support investment in long duration energy storage (LDES) and particularly Pumped Storage Hydro (PSH) to provide low carbon flexible generation when its needed. SSE has continued this engagement during 2023/24 and UK Government has now published a 'minded to' consultation on introducing a Cap and Floor mechanism to support investment in LDES.

Transforming electricity networks for net zero

Both SSEN Distribution and SSEN Transmission continue to engage with local and national governments, the energy regulator Ofgem, the Electricity System Operator and fellow network Operators, industry bodies, economic development agencies, environmental stakeholders and many others to advocate on policy and regulatory considerations.

During 2023/24, SSEN Transmissions engaged on network policy development related to the next transmission price control RIIO-T3, future network plans including "Beyond 2030", Connections Reform, implementation of the UK Government's Transmission Acceleration Action Plan, modernising consenting and the development of community benefit guidance for networks.

Advocating for low-carbon flexible generation deployment

Flexible power generation through hydrogen-to-power and power Carbon Capture and Storage (CCS) are crucial technologies to underpin security of supply in a decarbonised electricity system. SSE Thermal continued to advocate for clear, long-term commitments to deployment of low carbon flexible generation and the supporting hydrogen and carbon dioxide infrastructure required. Advocacy has focused on the clarity of ambition, funding, the likely strategic locations for hydrogen and CCS, allocation processes, and business model contracts is needed to give developers such as SSE Thermal the confidence to invest in project development.

On CCS, SSE are active members of the Carbon Capture and Storage Association and participants in DESNZ's Power CCUS Expert Group, and we engage regularly with officials and policymakers on issues regarding CCS. For Hydrogen, SSE is an active member of Hydrogen UK and participants in the DESNZ design groups for the hydrogen transport and storage business models.

During 2023/24, SSE Thermal has also been monitoring and engaging in UK government policy development on greenhouse gas removals (GGRs), including as part of DESNZ's GGR Expert Group.

People and nature in the net zero transition

SSE proactively tracks and responds to relevant environmental consultations across governments, local authorities,



Energy is an essential service and companies like SSE are – rightly – under scrutiny when it comes to their public and political advocacy work. As a result, SSE seeks to be highly transparent about the perspective it brings – which is a long-term experience of the practical action required to build and operate a power system with the public interest at heart."

Sam Peacock
Managing Director, Corporate Affairs, Regulation and Strategy



and regulators, reflecting the pace at which environmental expectations and requirements are developing in line with stakeholder interest in these areas. For example, in 2023/24 SSE responded to policy consultations related to biodiversity net gain and marine protected areas. SSE Thermal is also member of the Joint Environmental Programme (JEP), that supports a programme of research into the environmental impacts of electricity generation, with an increasing focus on the environmental impacts of decarbonisation technology. SSE Thermal chairs the JEP water working group where water resource planning is a key focus (see page 95).

Collaborative climate action

In February 2024, Alistair Phillips-Davies, CEO of SSE, publicly supported the European Commission's proposal for an ambitious EU climate target to cut emissions by at least 90 by 2040 from 1990 levels. SSE will advocate for the same level of ambition for the UK's target under the seventh Carbon Budget for 2038-42. Both emissions reduction ambitions will form the basis of the updates to their respective Nationally Determined Contributions

(NDCs) at COP30 in 2025 and will ensure alignment with the Paris Agreement.

Climate advocacy through trade associations

SSE is a member of several diverse trade associations that align with its business objectives and enable it to work collaboratively across the energy sector on matters of shared interest. SSE works closely and engages with these trade associations on a continuous basis to ensure that their principles on climate change are aligned to SSE's climate strategy and the goals of the Paris Agreement. SSE's annual review of the net zero ambitions of its trade association memberships can be found in SSE's Trade Association Climate Review, available at sse.com/sustainability. The report once again confirms that all trade associations agreed with the importance of a transition to net zero which is delivered in a socially just and fair way, and none had opposing views. SSE will continue to engage with all trade associations and will undertake a full review of its trade associations on a biennial basis.

SSE's Net Zero Transition Report summary

SSE understands that net zero targets are only credible when backed up by a clear plan of actions. SSE's Net Zero Transition Plan was designed to provide this clarity for its stakeholders. It outlines 17 key actions to ensure its net zero ambitions are met.

The key actions focus primarily on addressing SSE's largest source of GHG emissions from electricity generation, alongside actions to address remaining GHG emissions across all scopes. This section provides updates on the actions taken for the key sources of emissions for SSE's scope 1, 2 and 3 GHG emissions, with further information provided throughout this report.

Scope 1	
Actions	Key progress in 2023/24
1. Reduce emissions from unabated gas generation	SSE Thermal continues to manage its existing unabated generation fleet carefully, ensuring plant availability to respond to system needs and weather patterns. Output from SSE's thermal generation decreased by 22% from the previous year, principally reflecting a normalisation of the market environment over the course of the year while Tarbert oil-fired power station ceased generation. Annual Report – pages 78 and 106 Sustainability Report – page 15
2. Develop new low-carbon flexible generation	While the speed of deploying next generation decarbonised power stations has slowed, SSE Thermal is determined to help the UK get back on track. SSE continues to progress its plans to develop new low-carbon flexible generation, including carbon capture and storage projects as part of the UK cluster sequencing programme at Keadby in the Humber and Peterhead in the north of Scotland alongside hydrogen projects at Keadby and Saltend and the repurposing of SSE's Aldbrough gas storage site for the safe storage of hydrogen. In December 2023, SSE Thermal announced it had become joint owner of a blue hydrogen production project (H2NorthEast) that could help to kickstart a hydrogen economy in the Tees Valley and has been working to repurpose Tarbert power station in County Kerry, Ireland with sustainable biofuels. Annual Report – pages 77 to 79 Sustainability Report – pages 58 to 59
3. Transparent advocacy in favour of enhanced policy	SSE continued to advocate for more ambitious – and practical – climate change policy to achieve net zero, focussing on the acceleration of renewables deployment, transforming the electricity networks, clear commitments for low carbon flexible generation and a just transition. In 2023/24 SSE publicly supported the European Commission's proposal for an EU climate target to cut emissions by at least 90% by 2040 from 1990 levels. Annual Report – pages 19 Sustainability Report – pages 30 to 31
4. Build a renewable energy portfolio of 13GW of capacity by 2031	SSE Renewables total renewable generation capacity (including pumped storage) was 4.46 GW at the end of March 2024. SSE's Net Zero Acceleration Programme Plus (NZAP Plus) targets ~9GW renewables net capacity in 2027 and SSE has wider ambitions to build over 16GW of capacity by 2032. In October 2023, Seagreen offshore wind farm, the world's deepest fixed-bottom asset, became fully operational, more than doubling SSE Renewables' offshore wind capacity. Annual Report – pages 13 and 75 Sustainability Report – pages 54 to 55
5. Reduce SSEN's leakage and reliance on SF6	In 2023/24, SSE's reported SF ₆ emissions decreased to 265kg from 424kg the previous year. SSEN Transmission and SSEN Distribution continued to adopt SF ₆ alternatives in substations, where appropriate, as well as managed SF ₆ leakage on the networks. Sustainability Report – page 16 and 24
6. Switch vehicle fleet to EV in line with EV100 commitment	SSE made good progress towards its EV100 commitment with over 66% of its light vehicle fleet now fully electric, with fully electric vehicles (EVs) comprising 35% of its total committed fleet. Sustainability Report – page 25
7. Reduce reliance on SSEN's Scottish Island backup diesel generation	During 2023/24 there was a 24% increase in the volume of fuel combustion from standby generation compared to the previous year. This was due to increased distribution and transmission outages and maintenance work. SSEN Distribution continued to work towards reducing reliance on backup diesel generation and more widely has trialled alternative technologies in mobile generators such as Hydrated Vegetable Oil (HVO) and a battery generator at the end of 2023. Sustainability Report – page 25
8. Explore options for neutralising residual emissions	During 2023/24, SSE Thermal has been monitoring and engaging in UK government policy development on greenhouse gas removals (GGRs), including as part of DESNZ's GGR Expert Group. Sustainability Report – page 30

Scope 2	
Actions	Key progress in 2022/23
9. Reduce electrical losses from SSEN Distribution	Between 2022/23 and 2023/24 there was an increase in emissions from electricity lost across SSEN Distribution's network, contributing to a 7% increase in scope 2 emissions compared to the previous year. This is primarily due to an increase in the grid emission intensity in 2023 and a marginal increase in power transported across the distribution networks. SSEN Distribution continues to focus on reducing emissions arising from electrical losses on its network and refreshed its RIIO-ED2 losses strategy during 2023/24. Sustainability Report – page 24
10. Deliver a net zero property estate	Energy consumed in SSE's offices, depots and data centres increased by 15% compared to the previous year, driven by an increase in building occupancy as SSE staff returned to business-as-usual practices after the pandemic. SSE purchased 100% of its electricity for use in its facility managed offices from renewable sources, backed by renewable guarantees. Annual Report – page 49

Scope 3	
Actions	Key progress in 2022/23
11. Support customers to fuel switch and consume less gas	In 2023/24, SSE Airtricity continued its focus on enabling access to low carbon solutions for its customers including the delivery of 500 home energy upgrades including working in partnership with Northern Ireland's Bryson Charitable Group to deliver solutions for financially vulnerable groups. Annual Report – page 81 Sustainability Report – page 41
12. Align unabated gas power generation owned through joint ventures with a net zero pathway	SSE is working closely with its joint venture partners to ensure that its gas-fired joint ventures are aligned with a net zero pathway to support the long-term decarbonisation of the UK's power system whilst contributing to security of supply and grid stability. During 2023/24, SSE has been promoting the Transition Plan Taskforce (TPT) disclosure framework with its joint venture partners to deliver a credible and trusted net zero transition pathway. Sustainability Report – page 27
13. Advocate for a pathway for decarbonised heat	SSE continues to advocate for solutions to decarbonise heat networks and low carbon heat incentives and, at the beginning of 2024, SSE responded to the UK Government on proposals for a new regulatory and zoning regime to support investment in heat networks in England. More widely, during 2023/24 SSE has responded and is engaging with the Scottish Government's Heat in Buildings Bill. Sustainability Report – page 26 to 27
14. Establish a framework for supplier collaboration on net zero action	SSE continued to engage its supply chain on climate change through the Powering Net Zero Pact and its partnership with the Supply Chain Sustainability School. In February 2023, SSE published its new medium-term Sustainable Procurement Plan that outlines its future ambitions and climate action for SSE suppliers. Annual Report – page 27 Sustainability Report – pages 49 to 51
15. Partner with the CDP supply chain engagement programme	SSE continued to collaborate with the CDP Supply Chain engagement programme in 2023/24 with 248 of suppliers providing climate disclosures representing 77% of SSE's supply chain spend. SSE was awarded an 'A' in the CDP Supplier Engagement Rating assessment in 2023. With SSE entering a new partnership with EcoVadis, going forward this platform will be the main tool SSE will use to engage suppliers on carbon and monitor performance. Sustainability Report – page 50

Cross cutting actions	
Actions	Key progress in 2022/23
16. Continuous review of adaptation plans at business unit level, whilst participating fully in national adaptation frameworks	During 2023/24, SSEN Distribution published a strategic update and progress report against its Climate Resilience Strategy. Sustainability Report – page 28 to 29
17. Publish annually, progress against the 20 Principles for a Just Transition, outlined in SSE's Just Transition Strategy	With a just transition at the heart of its approach to delivering net zero, SSE revisited the principles of its Just Transition Strategy in early 2024 to ensure they remained appropriate and relevant, with a basket of 10 key performance indicators identified to monitor progress. Sustainability Report – pages 63 to 66

Providing affordable and clean energy

SSE remains focused on addressing the underlying causes of high energy costs through the deployment of renewable energy that can be produced at lower costs to protect energy users in the long run, as well as reducing exposure to imported fossil fuels.



Increase renewable energy output fivefold



Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.

Total renewable generation output*	2030 50TWh
2023/24 11.2TWh	

SSE's renewable generation output in 2023/24 increased by around 930GWh compared to 2022/23, as a result of increased operating capacity over the year.

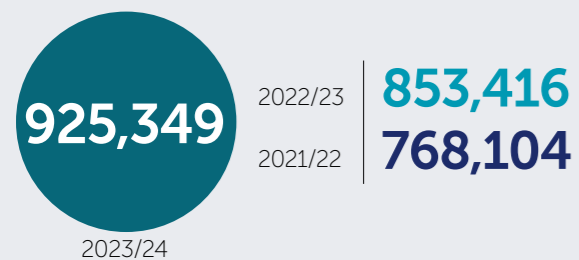
SSE's renewable generation output¹ increased by 9%, to 11.2GWh in 2023/24 compared to 10.2GWh the previous year. This reflected additional operating capacity which more than offset lower wind speeds in Scotland. SSE reached several strategic milestones in the year, with Seagreen becoming fully operational in October 2023 and Dogger Bank generating electricity for the first time. However, poor North Sea weather and installation vessel availability resulted in short-term delays at Dogger Bank. Construction also commenced in 2023/24 on SSE's first two onshore wind projects in continental Europe, Chaintrix (28MW) in France and Jubera (64MW) in Spain.

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Serving electricity distribution customers	page 38
Energy Customer Solutions	page 40
SSE Enterprise	page 42

* Includes pumped storage, biomass and constrained off wind in GB.

Performance summary

Networks customers on Priority Services Register



Renewable capacity in construction



Category	Key performance indicator	Unit	2023/24	2022/23	2021/22
Renewable energy	Total renewable generation output (inc. constrained off GB wind) ¹	TWh	11.2	10.2	9.5
	Total renewable generation output (exc. constrained off GB wind) ¹	GWh	10,004	9,665	8,799
	Total renewable generation capacity ¹	MW	4,457	3,930	3,935
	Renewable capacity in construction ²	GW	2.8	2.6	2.4
Supporting customers: universal access	Networks customers on the Priority Services Register (PSR)	Number	925,349	853,416	768,104
	Customer minutes lost – SHEPD/SEPD	Average per customer	66/58	59/46	57/42
	Customer interruptions – SHEPD/SEPD	Per 100 customers	57/51	60/44	56/42
	Renewable generation output – proportion of SSE's total output ⁵	%	39.4	34.5	38.1
Energy efficiency	Business Energy smart meter operating volumes (gas and electricity) ⁴	Number	200,323	212,046	195,058
	Energy saved as a result of energy efficiency measures targeted to fuel poor households in Ireland ⁵	GWh	8.0	9.6	8.7

¹ Figures include pumped storage and biomass.
² Based on SSE equity stake at 31 March in each financial year.
³ Total output includes output from SSE Renewables, SSE Thermal and a small amount of output from SSE Enterprise (biomass and heat networks)
⁴ At 31 March in each year. Data includes operated AMR, S1 and S2 type Smart Meters that are within the scope of the UK Government's Smart Mandate Programme (Profile Class 01-04 for Electric, and <732MWh/Annum consumption for Gas).
⁵ Activity undertaken through the Energy Efficiency Obligation Scheme. Data covers calendar year. The calendar year representing the greatest coverage of the financial year (1 April and 31 March). Sustainable Energy Authority of Ireland's (SEAI) methodology for calculating this KPI has changed and as such 2022/23 data has been restated. 2022 and 2023 reporting window does not close with SEAI until after June 2024. Reported figures for both 2022/23 and 2023/24 are correct at time of publication, however may be subject to change.

Building a clean, secure and affordable energy system

Addressing the high cost of energy requires accelerated investment and development of low-carbon electricity infrastructure, with access to transition finance key in supporting this delivery.

Addressing the cost of energy

With energy costs remaining higher than pre-pandemic levels over 2023/24, it continued to be a challenging year for households. Affordability remains a key priority and SSE is focused on addressing the underlying causes of high energy costs, rather than the short-term symptoms. With its enhanced NZAP Plus investment plan, SSE is delivering the renewable energy that offers cost-effective solutions to both the challenges of energy security and energy affordability, helping protect energy users in the long run.

Targeting increased renewable output

Over 2023/24, SSE's renewable generation output increased by 9%, to 11.2GWh compared to 10.2GWh during the previous year. This reflected additional operating capacity added to SSE's renewables portfolio, which more than offset lower wind speeds in Scotland. At 31 March 2024, SSE Renewables had 2.8GW of renewable capacity in construction.

In making progress towards SSE's 2030 Goal to increase renewables output to 50TWh a year, SSE Renewables reached several important milestones across its key flagship projects over the year. This progress is outlined in detail on page [XXI].

Unlocking net zero with transition finance

Taxonomy aligned activities
 Green taxonomy frameworks are a useful tool to demonstrate the scale of a company's green economic activities. SSE voluntarily discloses alignment of its economic activity with the EU Taxonomy, pending development of a UK framework. SSE has taken a best-efforts approach to consider how its 2023/24 activities align with the EU Taxonomy's Technical

Screening Criteria. The high-level results of this assessment are outlined in Figure 7. A detailed breakdown of SSE's taxonomy eligible activities and the assumptions used can be seen on page 107 of SSE's Annual Report 2024.

SSE anticipates the development of the UK Taxonomy and will continue to engage with the UK Government on its direction and implementation. SSE believes the UK has an opportunity to improve upon the EU framework and adapt it to the benefit of climate-friendly investment in the UK.

Issuance of new Green Bonds
 Over 2023/24, SSE issued two new Green Bonds: a €750m eight-year Green Bond in August 2023, earmarked for flagship onshore and offshore wind projects recently completed or under construction; and, a £500m 20-year Green Bond in January 2024, to finance and/or refinance transmission infrastructure projects.

These represent SSE's sixth and seventh Green Bonds and bring the total outstanding Green Bonds issued by SSE and subsidiaries to £3.7bn, reaffirming SSE's status as the largest issuer of Green Bonds in the UK corporate sector. SSE's annual disclosure of the allocation of its Green Bond proceeds can be found at [sse.com/greenbond](https://www.sse.com/greenbond).

Beyond green finance
 SSE recognises there are benefits of broadening financial mechanisms beyond purely 'green' investments, which if implemented effectively, can support wider benefits for people and nature too.

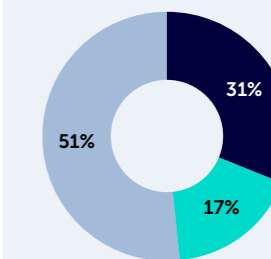
In August 2023, SSE published its new Sustainability Financing Framework, which replaces SSE's previous Green Bond Framework and Sustainability-Linked Bond Framework, aiming to support a more holistic approach to debt financing.

In 2023, SSEN Transmission and SSEN Distribution both signed their first sustainability-linked Revolving Credit Facilities (RCFs). The existing RCFs, originally signed in November 2022, were upgraded to include sustainability-related key performance indicators (KPIs). Both sets of KPIs linked

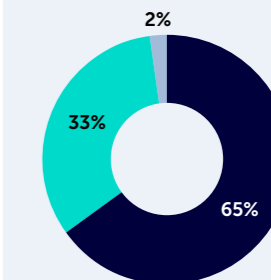
Figure 7: SSE's taxonomy aligned activities 2023/24

■ Taxonomy-eligible aligned
 ■ Taxonomy-eligible not aligned
 ■ Taxonomy-non-eligible

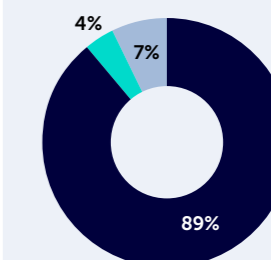
Revenue £10,457.2m



Adjusted operating profit £2,426.4m



Adjusted investment and capital expenditure £2,476.7m



to the networks businesses' SBTi-verified carbon targets, and also cover wider environmental and social metrics aligned to their respective sustainability strategies. SSEN Transmission's £750m RCF includes a KPI delivering biodiversity net gain on major terrestrial projects, while SSEN Distribution's £250m RCF includes a KPI linked to supporting vulnerable customers.

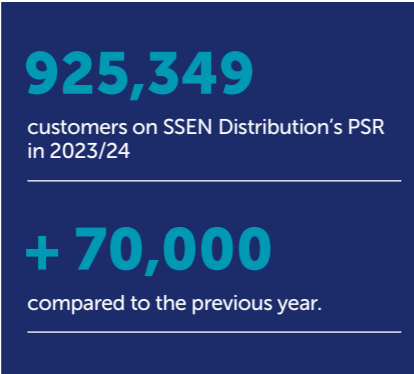
Serving electricity distribution customers

SSEN Distribution works to deliver secure and reliable energy to homes and businesses, at the same time as enabling the transition to net zero at a local level in a way that is inclusive for all.

Raising awareness of priority services

SSEN Distribution's Priority Service Register (PSR) identifies customers who are in potentially vulnerable situations, and who may be particularly affected in the event of supply interruptions providing them with adapted services and additional support. SSEN Distribution ensures that it continually raises awareness around its PSR to ensure it captures as many people in need as possible as people's situations change over time. It does this through a range of activities including running awareness campaigns, partnering with other service providers and through the dedicated website launched in early 2023, thepr.co.uk.

In recognition of the pivotal role charities, vulnerable customer representatives and other local organisations have in creating better outcomes for communities, over



2023/24, SSEN Distribution launched a PSR Community Toolkit to support conversations on the PSR between organisations and members of their community. The toolkit was launched to 2,700 key stakeholders and partners, providing a range of resources like digital assets, posters and information on the services that can be used in a variety of media formats.

An inclusive service

SSEN Distribution aims to deliver a service which is tailored, inclusive and accessible to all customers. In December 2023, SSEN Distribution successfully retained its certification to the Inclusive Service Kitemark, assured by BSI, the business standards and improvement company. Retention of this certification evidences ongoing commitment in supporting vulnerable consumers.

Over 2023/24, SSEN Distribution increased engagement with ethnic minority communities and now provide PSR leaflets in 11 different languages to support those who do not speak English as their 1st language. SSEN Distribution also responded to a significant increase in support needs for customers by providing tailored training for employees, facilitated by Training 2 Care UK, on Dementia and Autism. Employees received important experiential learning opportunities to increase their awareness, understanding and confidence in supporting customers living with these additional needs.

Improving communication

Inclusive and accessible communications are essential given the diverse audience SSEN Distribution engages with. Over 2023/24, SSEN Distribution developed a set of communication principles, with support from expert third-party, Better Words Company. These principles are underpinned by research, best practice, insights from customers, employees and key stakeholders to ensure that important information shared by SSEN Distribution is crystal-clear, uses straightforward words to reduce stress, worry and fear for customers and actively includes groups with lower levels of literacy. The SSEN Distribution website was also updated this year incorporating Web Content Accessibility Guidelines (WCAG AA) that



make web content more accessible to people with disabilities. Content was updated and a ReciteMe tool bar was included to enable web users to customise with their own preferences.

Partnering to address fuel poverty

Partnerships are fundamental to the successful delivery of SSEN Distribution's vulnerability strategy, ensuring support is being provided to the customers who need it most. SSEN Distribution analyses data from the Centre for Sustainable Energy (CSE) and customer information including metrics like Social Return on Investment (SROI) to target partnership support and fund initiatives that have the biggest impact on customers, in the communities where the need is greatest. Over 2023/24, SSEN Distribution supported five specialist SSEN Energy Advisers based in local Citizens Advice Bureaus across the North of Scotland, helping 428 households. The most

common issues addressed as part of the holistic service were energy-related, however topics such as benefits and financial advice were accessed, reflecting the multifaceted nature of fuel poverty. In addition, a total of over 1,700 households were supported to access energy efficiency advice through SSEN's partnerships with the Footprint Trust, YES Energy Solutions and Centre for Sustainable Energy (CSE). 36 households accessed SSEN's Enabling Works Fund, which is administered by CSE, and supports installations of grant funded energy efficiency measures. The fund removes barriers to installations, supporting households that cannot afford "essential work" not covered by grant funding.

Mapping vulnerability

SSEN Distribution has been using its Customer Mapping Tool for a number of years, and it continues to prove a valuable tool to aid strategic decision-

making, resilience planning, targeting of programmes, investment, and engagement.

Designed by SSEN's partner, the CSE, the CMT brings over 36 sets of publicly available data into one system, allowing SSEN Distribution to identify a more nuanced analysis of 'vulnerability', where customers might be experiencing multiple and overlapping difficulties with health, disability, age, or financial capability.

Over 2023/24, the use of CMT continued to grow with over 35 new users being trained and provided access to the tool, including local police forces, local authorities, utilities and other organisations. The system is also extremely useful for planning resilience support during a power cut or planned supply interruptions, where essential works are being carried out; enabling strategic promotion of the PSR and the identification of any gaps in uptake that need to be addressed.



Energy Customer Solutions

SSE Energy Customer Solutions (ECS) has continued to support its home and business customers deal with the lingering impact of the pandemic and energy crisis, whilst recognising this needs to be carefully balanced with decarbonisation efforts.

SSE Airtricity

Supporting domestic customers with the cost of energy

Following its commitment to use all 2022/23 profit to aid customers in an exceptional period of energy cost increases, £7.6m (€8.6m) arising at financial year-end was redistributed to domestic customers through household credits in April 2023. Support for financially vulnerable customers continued in 2023/24 through SSE Airtricity's holistic range of practical measures up to the value of €25m that it outlined early in 2023. Over the financial year, the business also introduced two consecutive domestic tariff reductions in Ireland and regulated tariffs were reduced in Northern Ireland. These reductions mean many customers' tariffs have been reduced by almost 20% since peak prices in summer 2023.

Building on this support over 2023/24, a further €5m all-island community fund was announced in May 2024 to help communities on their path to net zero. The funding will support with biodiversity, education, and decarbonisation projects, along with enhancing services and amenities in rural and urban areas.

Energy Customer Solutions



Who Energy Customer Solutions serves

750,000 domestic and business customers in the all-island Ireland energy supply market, through **SSE Airtricity**, and around 380,000 non-domestic customers in GB, through **SSE Business Energy**.



Despite the fact that wholesale energy prices have fallen from their highs in 2022, they remain above their historic norm. That means the imperative to use energy wisely is as important as ever and there remains significant opportunity for homes and businesses across the country to benefit from energy saving measures."

Nikki Flanders
Managing Director Energy Customer Solutions



A year of recognition for SSE Airtricity

Bonkers.ie
Best retrofit service

Energy Services Green Awards
Green Collaboration Award*

All-Ireland Sustainability Awards
Gold: Energy Initiative / Project of the Year*
Silver: Housing / Building Initiative of the Year*

Spiders Awards
Cultural Driver Award - Showing Their Pride (SSE AT : LGBT Ireland)

GALAS – Ireland's LGBTQ+ awards programme
Outstanding Company



*SSE Airtricity in collaboration with Dun Laoghaire Rathdown County Council

Supporting vulnerable residents through retrofit projects in Ireland

In Ireland, progressive government policies are in place to support energy efficiency measures for domestic customers. In support of this, SSE Airtricity delivered 2,700 rooftop solar installations alongside its partner Activ8 and almost 1,000 EV chargers over 2023/24.

SSE Airtricity was recognised for its project with Dun Laoghaire Rathdown County Council to retrofit upgrades to 100 residential units and a daycare centre. An innovative aspect of this retrofit was the installation of a cascading district heating system, the first of its kind in Ireland, which allowed the residential units to be heated by lower capacity heat pumps. The upgrades have provided a reduction in calculated energy usage of approximately 80% on the pre-energy usage in the development and have improved comfort and living conditions for the residents at the complex.

SSE Airtricity also continued its commitment to support home decarbonisation and delivered 500 home energy retrofits, including working in partnership with Northern Ireland's Bryson Charitable Group to deliver solutions for financially vulnerable groups.

Supporting energy customers in GB

Supporting business customers

In September 2023, SSE Business Energy established a £15m support fund for its business customers in Great Britain. This fund helped customers who had signed up to fixed contracts at the peak of wholesale energy prices in late 2022. The fund was in addition to the continued availability of alternative contracts and payment arrangements as well as price reductions through the period.

Supplying green energy

SSE Business Energy helps customers reduce their carbon footprint through the offering of green electricity, backed up by the independently verified Renewable Energy Guarantees of Origin (REGOs). SSE's fixed power quotes are now provided as 100% green, meaning that a green power supply for business energy customers is, as standard, from renewable energy.



Partnering in action

Supporting community renewable generation

Community generation has significant potential in supporting the transition to net zero at a national level. Working closely with partners Activ8 Solar Energies, SSE Airtricity has sought to encourage and support local renewable generation through the launch of a premium microgeneration tariff in April 2023 exclusively for its customers. New and existing customers with solar install completed

by Activ8 Solar Energies are offered a premium on each kWh that they export, compared to other customers. At the time of launching the tariff, it was Ireland's best microgeneration rate². This product was a first-to-market for a solar installation linked to an exclusive export rate in the Irish market, further empowering customers on their decarbonisation journeys.

SSE Business Energy also connects customers with SSE Renewables assets, with additional corporate customers taking Corporate Power Purchase Agreement (CPPA) products during the year.

Helping customers manage consumption

Enabling customers to optimise their energy consumption is a key focus for SSE Business Energy. It continued to support businesses through the UK Government's Smart Programme, seeing a 26% increase in the installation of smart meters in 2023/24, compared to the previous year. Smart meters are crucial in the delivery of flexible products, like time of use tariff for electric vehicles.

SSE Business Energy also trialled a new flexibility service called EnergiFlex, enabling customers to participate in National Grid's Demand Flexibility Service (DFS) and incentivising businesses to reduce demand during peak hours to help balance the grid.

Welcoming Smart Buildings to Energy Customer Solutions

Reducing energy consumption in property portfolios is a core part of many businesses' decarbonisation journey. The Smart Buildings business has a wealth of experience, products and propositions that support customers to reduce carbon in their portfolio. Smart Buildings has been part of the SSE Group since 2014 and in 2023, they became part of the ECS business with their work complementing and aligning to the work of the other ECS businesses.

Over 2023/24, Smart Buildings continued to grow through propositions, including asset installations and technology platforms. This included the delivery of advanced building controls at the Scottish Parliament buildings, which are designed to achieve an energy reduction of 10%. It was also awarded a £14m decarbonisation project to install heat pumps across 11 Harris Federation schools, with a potential carbon emission reduction up to 90%, which will enable cost savings to be returned to education.

² Ireland's Best export rate as per rates 13 April 2023. Rates are subject to change.

SSE Enterprise

SSE Enterprise is unlocking the net zero transition by helping customers to decarbonising local energy infrastructure, with its whole-system approach meaning it can provide a one-stop-shop for clients looking to decarbonise their portfolios.

Driving innovation in heat networks

Decarbonising heating and cooling at scale in business is a significant challenge, but one that will be crucial for transitioning away from gas sources of heating and realising important efficiencies and carbon savings to support the UK's climate targets. SSE Enterprise's Heat Networks business has over ten years of experience in heat and cooling, with 18 networks across England and Scotland.

The UK Government has an ambition for 20% of heat demand to come from heat networks by 2050, with the economic value of the market opportunity estimated

to be worth £60-£80bn. Over 2022/23, SSE Enterprise engaged with the UK and Scottish Governments to support policy action to accelerate the roll out of heat networks, including responding to the UK Government's consultation on proposals for a new regulatory and zoning regime to support investment in heat networks in England. Details of this engagement are outlined on page [XX].

Driving EV infrastructure forward

Drivers must have easy access to reliable and fast charging facilities, if the transition to electric vehicles (EVs) is to happen at pace. SSE Enterprise is working to deliver important EV infrastructure that supports

EV uptake, while ensuring that future demand is facilitated.

Over 2023/24, SSE Enterprise had 13 electric charging hubs either completed or built. This included work starting on delivery of up to 50 ultra-rapid EV charging hubs through a joint project between SSE Enterprise and M7 Real Estate (M7), on sites managed by M7 across southern England, with the first 10-bay hub in Great Yarmouth completed in August 2023.

In July 2023, SSE Enterprise announced plans for what will be Scotland's most powerful EV charging hub, in Dundee, which will feature 24 ultra-rapid EV charging bays with a total capacity of almost 2.5MW.



SSE Enterprise is also preparing to launch its first EV hub in Ireland – a 10-bay ultra-rapid EV charging hub at Lough Sheever, Co. Westmeath. This will be the first of at least 30 ultra-rapid EV charging hubs planned to be built in Ireland over the next five years, with all the hubs to be powered by green energy from SSE Airtricity.

Plans were also announced in November 2023, to build SSE Enterprise's first fully electric charging hub for heavy goods vehicles (HGVs) in Birmingham, West Midlands, which will help enable the decarbonisation of Britain transport infrastructure and industries.

Strategic partnership with local authorities

Local authorities are increasingly understanding the regional benefits that can be unlocked if they take a strategic approach to delivering the transition to net zero, which presents an opportunity to reindustrialise some places where industry has been lost over the years.

SSE Enterprise seeks to support this delivery and become the leading net

zero infrastructure advisor to local government and local businesses. Over 2023/24, SSE Enterprise seized a number of opportunities to help local authorities execute local energy projects, signing several strategic energy partnerships.

In February 2024, SSE Enterprise signed a strategic partnership with Greater Manchester Combined Authority to use the region as a test bed for pioneering projects which will accelerate its journey to net zero. The partnership will see the mass deployment of investment in the decarbonisation of power, heat, and transport across Greater Manchester, as well as helping to create a 'green skills workforce' with long-term, high-quality careers in the low-carbon sector. This built on a similar partnership SSE Enterprise established in September 2023 the West Midlands Combined Authority that will see them work together on new clean energy projects across the region.

More recently, in May 2024, SSE Enterprise announced a partnership signed with Newcastle City Council aimed at advancing decarbonisation, innovation and job creation initiatives across the city. Newcastle is at the

forefront of the green industrial revolution and this partnership will help them accelerate the delivery of Newcastle's Net Zero Action Plan and foster a green skills workforce of the future.

Local skills for local solutions

SSE Enterprise and the University of Bradford established a strategic partnership in May 2024 to collaborate on education, research, and the implementation of sustainable energy initiatives. With the increasing size and scale of SSE Enterprise's pipeline of opportunities to develop its whole-system approach to local networks, including behind-the-meter solar, and battery and energy optimisation services, this strategic partnership is an excellent opportunity to bring the expertise and resources of both organisations together to collaborate on research and innovation, with a focus on diversity, while developing a talented pool of local students in West Yorkshire equipped with the real-world industry skills needed to deliver solutions to net zero, as part of promoting a just transition.



“
We are investing in the communities where we operate, driving local economic growth, and working to unlock the potential of low-carbon technologies. If we can foster the development of a skilled green workforce, we will build a cleaner, greener future for generations to come.”

Neil Kirkby
Managing Director, SSE Enterprise

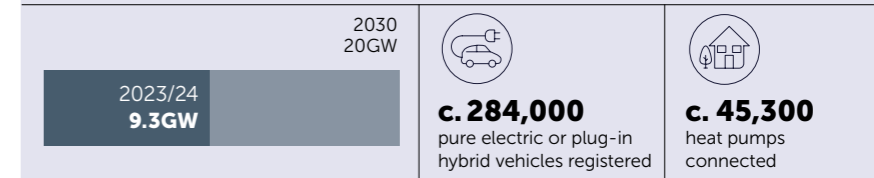


Investing in industry, innovation and infrastructure

Delivering critical low-carbon infrastructure inevitably impacts on people and nature. Investment decisions are carefully considered and informed to ensure long-term value is created for society and other stakeholders, with collaboration and innovation key tools in helping achieve this.

Enable low-carbon generation and demand

Enable at least 20GW of renewable generation and facilitate around 2 million EVs and 1 million heat pumps on SSEN's electricity networks by 2030.



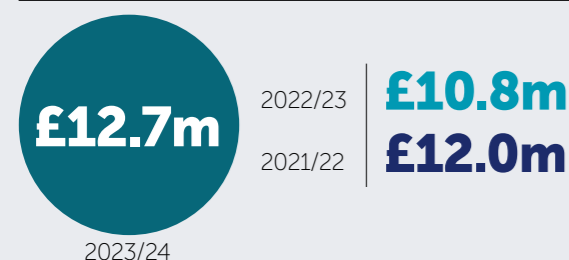
The renewable capacity connected within SSEN Transmission's network area increased slightly between 2022/23 and 2023/24, while SSEN Distribution progressed with partnership trials to support a fair and inclusive transition to smart grids.

At the end of 2023/24, there was 9.3GW of renewable capacity connected to SSEN Transmission's network, stable compared to 9.2GW the previous year. SSEN Transmission currently has several key innovation projects ongoing which are aimed at facilitating the connection of offshore wind to the network. In the same period, SSEN Distribution had around 284,000 pure electric vehicles or plug-in hybrid vehicles registered in its licence areas and had around 45,300 heat pumps connected to its networks.

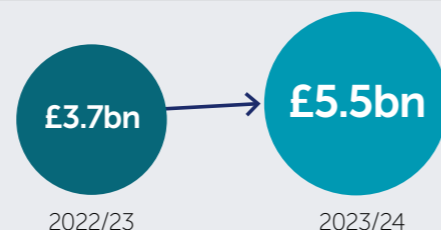
Investing at scale and with discipline	page 48
Innovation enabling net zero	page 49
Powering sustainable success with responsible procurement	page 52
Connecting power for future generations	page 54
Delivering world-class renewable assets	page 56
Smart, fair and sustainable	page 56
Valuable flexibility for the net zero transition	page 58

Performance summary

Research and innovation costs



Total procurement spend



Category	Key performance indicator	Unit	2023/24	2022/23	2021/22	
Enabling the connection of low-carbon technologies	Cumulative total of renewable generation capacity connected within SSEN Transmission's network area	GW	9.3	9.2	7.8	
	Pure electric or plug-in hybrid vehicles registered in SSEN Distribution's licence area ¹	Number	c.284,000	c. 208,500	c. 130,000	
	Heat pumps connected to SSEN Distribution's network ²	Number	c. 45,300	c. 37,900	c. 32,300	
	SSEN Distribution's supply points with communicable and smart capability ³	Number (% of reported customer numbers)	2,168,760 (55)	1,845,807 (50)	1,425,834 (38)	
Investing in critical low-carbon infrastructure	Investment and capital expenditure (adjusted):					
	SSEN Transmission ⁴	£m	595.6	495.5	614.4	
	SSEN Distribution	£m	505.1	412.0	364.8	
	SSE Renewables	£m	1,097.1	837.5	811.0	
	Thermal generation and gas storage	£m	99.6	153.2	131.4	
Promote development	Total procurement expenditure ⁵	£bn	c. 5.5	c. 3.7	c. 4.2	
	Average time taken to pay suppliers	Days	26	28	28	
Supporting research and innovation	Research and innovation costs ⁶	£m	12.7	10.8	12.0	
	Employees working in research and development roles (full-time equivalent) ⁷	Headcount	92.5	83	59	

¹ Estimated using the UK Government's vehicle licensing statistics data.
² SSEN Distribution now uses the source data from the UK Government's Microgeneration Certification Scheme (MCS), which certifies, quality assures and provides consumer protection for microgeneration installations and installers. SSE has restated 2022/23 and 2021/22 data in line with this new source.
³ Calculated using the number of smart meters connected to SSEN Distribution's network which are communicable by SSEN as a proportion of SSEN Distribution's reported customer numbers.
⁴ 2022/23 and 2023/24 data excludes 25% minority interest from 1 December 2022 onwards.
⁵ Includes procurement expenditure related to SSE's equity share in joint venture projects.
⁶ Expenditure on research activities is charged to the income statement as incurred. For more information see pages 276 and 277 of SSE's Annual Report 2024.
⁷ 2021/22 and 2022/23 figures have been restated.

Investing at scale and with discipline

SSE's significantly enhanced capital investment plans come with added responsibility to ensure it is delivered in a way that creates and shares value and, importantly, is cost efficient electricity customers.

Accelerating investment in net zero

With the task of decarbonisation becoming increasingly urgent, the demand is increasing for what SSE has to offer in building a clean, secure and affordable energy system.

Over the course of 2023/24, SSE's capital investment plan, the NZAP Plus, was upgraded twice, in May and November 2023, and now outlines plans for an expected £20.5bn of investment in the five years to 2027. The NZAP Plus, will see SSE accelerate the build-out of the renewables, system flexibility and electricity networks needed for net zero. With around 90% of the NZAP Plus expected to be invested in either renewables or networks, the substantial majority of the investment plan is directly focused on climate solutions supporting the achievement of SSE's 2030 Goals, and is aligned to the Technical Screening Criteria of the EU Taxonomy.

2023/24 was another year of record investment, with SSE's adjusted investment and capital expenditure reaching

Barry O'Regan
Chief Financial Officer

All good investment plans require discipline: staying true to firmly held principles on efficiency and value creation. And how we do that matters more than ever. At SSE we seek to be disciplined in both financial terms and in broader sustainability terms, so we simultaneously generate value for society and nature too."

£2.5bn, marking good progress on the NZAP Plus.

Embedding sustainability criteria into large capital projects

With significant investment plans, SSE is committed to sharing the considerable value this will generate with the people

and communities it serves. One way it does this is to ensure that social and environmental considerations are built into its large capital projects throughout the lifecycle of these developments.

SSE's large capital projects governance process applies to all projects with a value over £40m, with a lighter touch process for projects of lower value. It includes the requirement for all projects to undertake a Sustainability Assessment and Action Plan (SAAP) to assess the impact of the projects across a range of core sustainability-related issues including embodied carbon, human rights risk and local economic impact.

In recognition of the fact that developments within SSEN Distribution often fall below £40m, albeit the cumulative impact of connected projects may be significantly larger, a process has been designed to ensure high quality project development governance of distribution network projects with a significant focus on sustainability impacts.

Finally, to further reinforce the strategic nature of sustainability criteria within the governance process of SSE's large capital projects, a small number of key sustainability metrics are now included within project business cases with the objective of substantiating the sustainability impacts of projects over the long term.



Innovation enabling net zero

The ability to innovate is a key determinant of achieving SSE’s business objectives, accelerating the readiness of low carbon technologies and demonstrate their practical application.

A strategic approach to innovation

SSE’s approach to innovation empowers Business Units to pursue innovation priorities, while being guided by Group-wide strategic vision and direction, helping to build institutional knowledge for net zero energy systems that benefit society. The Group-wide strategy is set by an internal Innovation Advisory Council (IAC), established in early 2024, which serves to identify promising new technologies relevant to clean energy and as a forum for new innovation horizons. SSE’s innovation strategy is founded on four enabling pillars:

- Partnering for innovation**
Engaging and collaborating with external partners and experts to accelerate the energy transition.
- Innovation through deployment**
Accelerating the deployment of technologies to test, trial and scale innovative solutions.
- Talent**
Promoting a culture of empowering employees to drive innovation.
- Digitalisation**
Adopting a range of digital solutions to develop and operate an energy system fit for the future.

Research and innovation costs
£12.7m
(2022/23: £10.8m)

Full-time equivalent employees in innovation roles
92.5
(2022/23: 83)

Partnership Funding: supports Business Units to leverage incentive programmes. By building effective consortia, they compete for grants to test new technologies and market models. Many of the examples of innovation projects detailed throughout this report have been supported by the Partnership Funding team to access grant funding.

Examples of SSE’s innovation projects are provided throughout this report and are indicated by the following design tool



supports SSE to create new markets, enhance efficiency and performance and mitigate potential risks when delivering new net zero solutions. It also supports SSE to foster a culture of innovation that helps develop and attract future talent for the business.

Collaboration at the core

SSE’s innovation strategy is supported by its Academic Partnerships and Partnership Funding teams which coordinate fundamental research and growth initiatives.

Academic Partnerships: facilitates strategic partnerships with universities, designed to ensure mutual knowledge transfer between academia and industry to drive forward the energy transition. Detail of these partnerships can be found on page 36 of SSE’s Annual Report 2024.



Powering sustainable success with responsible procurement

Strong, collaborative relationships with supply chain partners is core to enabling SSE to deliver on the principles of sustainable procurement, allowing it to manage risks and maximise environmental and social opportunities too.

A sustainable approach to procurement

Sharing value through the supply chain

In 2023/24, SSE spent £5.5bn with its supply chain partners, up from £3.8bn the previous year. With SSE’s enhanced NZAP Plus investment plan requiring increased supply chain activity, developing and maintaining strong relationships with supply chain partners is paramount to delivering this investment in a way that delivers positive social and environmental outcomes.



“Together with our supply chain partners we are working flat out to build new network and renewable assets, together with developing and constructing new low-carbon generation assets. And we have a shared goal – which is to do it in a way that leaves a legacy for local communities and the local environment too.”

Ronnie Fleming
Chief Procurement Officer

While SSE’s suppliers include large global organisations, SSE understands the impacts of its activities are felt locally. It aims to share the economic benefit of low-carbon investments with sustainable domestic employment and supporting the creation of local supply chains. An example of this, is the announcement in May 2024 of Sumitomo Electric being added to SSEN Transmission’s Framework of Contractors for future HVDC Cables. Sumitomo Electric has commenced construction of its state-of-the-art subsea transmission cable factory in the Scottish Highlands, which will provide a significant boost for the UK green energy supply chain. See page [XX] for more information.

A strategic framework for sustainable procurement

SSE’s strategic approach to sustainable procurement is founded on high quality supplier engagement, aimed at building collaborative relationships. A core element of this approach is SSE’s established Supplier Relationship Management programme, through which it manages relationships with around 70 suppliers identified as critical to SSE achieving its strategic aims. This regular, structured engagement allows SSE to understand and address sustainability issues throughout the supply chain in relation to its key projects and supports collaboration to identify opportunities to improve sustainability-related performance.

SSE’s Sustainable Procurement Code and Supplier Guidance are also important tools in managing environmental and social impacts through its supply chain. The Code sets out SSE’s expectations of its suppliers and, as well as setting out minimum standards, it outlines the role of suppliers in delivering common sustainability goals, from paying a real Living Wage to helping SSE achieve its net zero emissions target.

A Sustainable Procurement Plan

In February 2024, SSE enhanced its ambitions with a new medium-term Sustainable Procurement Plan. The Plan, which is available at [sse.com/sustainability](https://www.sse.com/sustainability), communicates SSE’s sustainable procurement initiatives from both a Group and Business Unit perspective, and outlines its future ambitions to SSE’s suppliers and other stakeholders.



The Plan consists of six pillars with three- and five-year objectives mapped against them, as well as a goal setting plan for SSE’s tier one suppliers which represent 90% of its supply chain by spend, called the 90% Club. The 90% Club goals are aligned to SSE’s sustainability strategy and the UN SDGs. Progress against these ambitions will be monitored annually through a range of data capture methods.

Enhancing supply chain management

Embedding improved supply chain engagement

In September 2023, SSE strengthened its supply chain engagement on sustainability through partnering with EcoVadis, a well-established business sustainability ratings platform. Through the EcoVadis platform, SSE has access to detailed sustainability information about its supply chain partners, allowing it to monitor supplier performance. SSE set an ambition to have 70% of its supply chain by spend achieve a valid EcoVadis scorecard by April 2024. At 31 March 2024, 51% of its suppliers by spend had been engaged and were evaluated or undergoing an evaluation. SSE continues to work towards this ambitious target, and is now engaging with its top 1,000 suppliers by spend, embedding EcoVadis into procurement processes and collaborating with industry peers to encourage the alignment of EcoVadis as the sustainability performance tool of choice.

The EcoVadis platform is already informing SSE's engagement with its key suppliers, for example SSE identified some shortfalls around the sustainability reporting of one of its solar and battery suppliers and worked with them to set a corrective action plan through the platform, where SSE is monitoring their progress against the actions. This has led to the supplier creating and embedding new sustainability processes, updating their EcoVadis submission and improving their scorecard.

Scorecards support strategic engagement with suppliers on targeted sustainability topics, goals, and performance. SSE's own EcoVadis performance is gold rated with a scorecard of 71, and it performs in the 95th Percentile within its industry.

Engaging with the supply chain on carbon

71%
SSE's gold rated EcoVadis scorecard

With one of SSE's SBTi-approved targets being to engage with 50% of its suppliers by spend to set science-based targets by March 2024, engaging its supply chain partners on carbon is a key objective



Engagement in action

Working with suppliers to address human rights risk in solar PV

SSE has zero tolerance of human rights abuse or modern slavery in its operations or supply chain, with a Human Rights Action Plan designed to address risk, see page 75 for more information. Over 2023/24, SSE Renewables undertook targeted action to enhance its human rights due diligence approach, undertaking a comprehensive risk assessment in line with international human rights standards with external human rights experts Slave Free Alliance and twentyfifty, and building an action plan aligned to the Group approach and based on the outcome of this risk assessment.

As SSE Renewables ventures deeper into its solar portfolio delivery, an area with a known higher risk of human rights issues in the supply chain, this has been a key priority area for action. The approach

focuses on (1) embedding robust human rights due diligence throughout the procurement lifecycle, (2) transparency and traceability, and (3) engaging in multi-stakeholder initiatives. Measures over 2023/24 have included developing a set of iterative human rights 'no-go' criteria with third-party experts, strengthening the tender process through embedding enhanced ESG questions and working with potential solar suppliers to achieve visibility of designated silicon supply chain down to mineral extraction level. SSE Renewables is also seeking to develop further the right to audit within contracts, alongside exploring a range of auditing options and other monitoring measures, acknowledging challenges associated with this area. SSE Renewables is now working towards its own Human Rights report to be published in August.

for SSE. SSE has been a member of CDP Supply Chain since 2018, which allows it to request key suppliers to report environmental data through CDP's questionnaires. Over 2023/24, SSE worked with CDP to improve its climate-related supply chain engagement through the CDP Supply Chain module.

In 2023/24, 248 of SSE's suppliers, representing 77% of SSE's supply chain spend, disclosed information through CDP Supply Chain – up from 112 and 65% respectively the previous year. In March 2024, SSE was awarded an 'A' for its CDP 2023 Supplier Engagement Rating, which assessed how effectively companies are engaging their suppliers on climate change. With SSE entering a new partnership with EcoVadis, going forward this platform will be the main tool SSE will use to engage suppliers on carbon and monitor performance.

SSE first met its SBTi-verified supplier engagement target in 2022/23 and began tracking the proportion of suppliers that are translating their commitments to science-based targets into hard targets verified by SBTi. While overall performance remained consistent with last year at 51% of suppliers by spend having set, or committed to set a science-based target, within this SSE is seeing more supplier commitments come to fruition. At 31 March 2024, 42% of SSE's supply chain by spend has verified science-based targets, and a further 9% have made the commitment to have verified targets in due course, compared to 34% and 17% respectively in 2022/23. SSE will continue to track supplier performance in this area. With SSE's supply chain spend increasing significantly between 2022/23 and 2023/24 (see page 49), this 51% of suppliers by spend also represents increased activity.

Collaborating to drive sustainable supply chains

Driving meaningful supply chain collaboration

The Powering Net Zero Pact is a flagship collaborative initiative created by SSE alongside 10 key founding partners in 2022. It brings together companies across all tiers of the power sector, identifying five areas of ambition, five shared commitments and five topics for collaboration, which together encourage collaboration to deliver a fair and just transition to net zero. Since its establishment a further 16 members have joined the original 11 founding partners in the Pact, and together the signatories now operate across more than 120 countries.

In May 2024, the Pact published its second annual report on progress, which details the progress against the five areas of ambition. The report highlighted that good progress has been made against the five shared commitments, particularly in upholding human rights, disclosing environmental information and waste reduction. However, there is more progress to be made around creating a roadmap for net zero skills, which is a particularly challenging area for the industry. This report, alongside more information on the Pact, can be found at [sse.com/pnzp](https://www.sse.com/pnzp).

Knowledge sharing with supply chain partners

Through its partnership with the Supply Chain Sustainability School (SCSS), SSE provides its supply chain with resources and access to training on key sustainability topics. SSE has made a concerted effort over the last couple of years to improve supplier engagement and measurement with the SCSS resources. In 2023, SSE set an ambition for 55% of its supply chain by spend to have accessed sustainability resources through the SCSS by 31 March 2024. By this date, SSE had provided 59,837 resources to 5,697 users across 290 suppliers that represent 42% of SSE's supply chain spend. SSE continues to promote SCSS resources to its supply chain using learning pathways and SSE's Strategic Relationship Management meetings to stimulate engagement on the platform.



SSEN Transmission's supply chain partners sign its new ASTI Delivery Charter at an event in Glasgow.

Engagement in action

Building sustainable networks supply chains

A new Delivery Charter for SSEN Transmission

In November 2023, SSEN Transmission launched its new Delivery Charter which commits all those working on its ambitious 'Pathway to 2030' programme of investment across the north of Scotland to a series of key working principles, including a focus on leaving a legacy and positive impact in the communities where this infrastructure will be hosted.

SSEN Transmission's ambitious investment programme, which is being taken forward under Ofgem's Accelerated Strategic Transmission Investment (ASTI) framework combined with the Large Onshore Transmission Investments (LOTI), involves investing £20bn to upgrade the electricity transmission network infrastructure across the north of Scotland between now and the early 2030s.

Businesses from across SSEN Transmission's supply chain and contractors gathered in Glasgow for the launch to sign the ASTI Delivery

Charter, providing an opportunity to focus on establishing new, collaborative, and innovative ways of working to meet the demands of delivering the Pathway to 2030 and – importantly – committing to leave a legacy for communities across the region.

SSEN Distribution's Sustainable Supplier Code

In May 2023, SSEN Distribution launched its new Sustainable Supplier Code, which is aimed at helping its supply chain understand all areas of sustainability and to assist suppliers on their net zero journey. A programme of engagement has been run to promote the new Code, including two strategic supplier workshops in September 2023. Around 100 suppliers attended the workshops, with almost 30 suppliers signing up to the Sustainable Supplier Code. The events enabled discussion on key challenges faced by SSEN Distribution's supply chain and for best practice to be shared. This work helps build strong supplier relationships, enhance innovation, and deliver greater sustainable outcomes.

Connecting power for future generations

SSEN Transmission’s significant investment programme will ensure the network in the north of Scotland is fit for a renewables-led electricity system, unlocking the potential of the region and bringing renewable energy to the people and businesses that need it.

An accelerated pathway to 2030

As the transporter of renewable energy at scale, the north of Scotland electricity transmission network has a major role to play in supporting delivery of Scotland and the UK’s net zero ambitions, connecting new renewable generation and transporting the power generated to the people and businesses that need it in the rest of Scotland and beyond.

SSEN Transmission is delivering one of the largest-ever investments in the north of Scotland, through its Pathway to 2030 programme – £20bn of planned investment in new overhead lines, substations, convertor stations and subsea links. It will also play the key role in connecting output from the ScotWind offshore wind leasing rounds.

Research outlined in SSEN Transmission’s Getting to Net Zero report, published in September 2023, concluded that by 2050, nearly a third of the UK’s electricity demand could be met by the north of Scotland, driving 16% of the total greenhouse gas emissions reductions required for the UK’s net zero target. SSEN Transmission’s Pathway to 2030 investment programme is supporting this trajectory.

Delivering value through the Pathway to 2030

As well as supporting national progress towards net zero, the Pathway to 2030 investment programme will create significant local benefit in the region, with lasting impacts. The programme is expected to support 20,000 UK supply chain jobs – 9,000 of which will be in Scotland. Over 2024 alone, SSEN Transmission will recruit 400 new roles across the north of Scotland as the infrastructure programme gathers pace, creating long-term, skilled, green employment opportunities across the north of Scotland.

Partnering in action



SSE joins Sumitomo Electric for its traditional Japanese ‘breaking the sake barrel’ ceremony, marking the start of construction of the £350m cable factory at Port of Nigg.

Unlocking local value with supply chain partners

In May 2024, SSEN Transmission announced it had selected Sumitomo Electric Industries and its subsea cable installation partner, Van Oord Offshore Wind UK, (the Sumitomo Electric Van Oord Consortium) as preferred bidder for the proposed Shetland 2 High Voltage Direct Current (HVDC) link subsea cable.

Shetland 2 is the anchor project enabling Sumitomo Electric Industries to invest in their new cable manufacturing facility at Nigg, in the Scottish Highlands, which

has now entered construction following the announcement. Sumitomo’s investment will help deliver a homegrown supply chain to, supporting the Highland economy and hundreds of skilled jobs in the region.

Attracting inward investment into a UK-based manufacturing facility for such strategically important equipment demonstrates the wider benefits of taking a long-term, joined up approach to delivering strategic investment in grid infrastructure which provides certainty to supply chain partners.

With a temporary workforce also needed to support the construction phase of the network development, SSEN Transmission announced the first phase of its accommodation strategy which includes a commitment to contribute to the development of at least 200 properties across the north of Scotland. Upon completion of the transmission infrastructure projects, these will be handed to local organisations to provide accommodation for local people across the north of Scotland, delivering a lasting legacy for future generations. This is expected to include new and renovated homes, as well as fully serviced sites for temporary accommodation camps for

workers, delivered to the standard required to support future housing and wider economic development activities.

Further benefits will include the establishment of a Community Benefit Fund for communities in the north of Scotland, which is expected to be worth in excess of £100m over its lifetime subject to UK Government guidance, see page 66, and money off bills for those located closest to new infrastructure.

These initiatives, alongside placing multi-million-pound contracts with local supply chain partners, will create billions in economic value for Scotland.

A stakeholder-led approach

To deliver the Pathway to 2030 infrastructure programme in a way that is fair and just and incorporates community views, SSEN Transmission has embarked on one of the largest public consultation processes ever seen in Scotland. This exercise seeks to work closely with stakeholders to ensure that all views are heard and factored into decision-making prior to planning applications being lodged for this critical national infrastructure to be developed. This engagement has already resulted in a number of changes to construction plans in direct response to community feedback.

Over May and June 2024 alone, at least 36 consultation events alone will take place, inviting members of the public to share their views on the next phase of development for four critical national

transmission infrastructure schemes across the north of Scotland.

To ensure high-quality engagement, SSEN Transmission operates to the AA1000 Stakeholder Engagement Standard and was recently awarded a top score for the third year in a row – see page [XX] for more information.

Connecting the Scottish islands

In July 2023, Ofgem approved the Final Needs Case for the Orkney transmission link, which is the final piece in connecting all three of Scotland’s main island groups to the GB electricity network, unlocking their considerable potential for renewable energy, whilst also importantly providing security of supply for island communities.

The Orkney transmission link will

accommodate around 220MW of renewable electricity generation and will support the continued development and growth of Orkney’s marine energy sector. Main construction works are due to start in summer 2024, with full energisation expected in 2028.

Good progress was also made over 2023/24 on the Shetland HVDC Link, which will connect 600MW of renewable electricity generation – including from the 457MW Viking wind farm. Over 2023/24, all onshore and offshore cable works were completed. The project is now in the final commissioning stage, remaining on track for completion and full energisation in summer 2024. Work has also progressed to connect Shetland’s existing electricity distribution network to the Shetland HVDC link, connecting Shetland’s homes and business to the GB electricity network for the first time via the new Grid Supply Point being constructed at Gremista.



“

Never has it been more important to have the prize of a net zero power system at the front of our minds. The speedy and efficient development of new and enhanced transmission circuits in the north of Scotland will do a disproportionate amount of the heavy lifting when it comes to talking climate change and meeting net zero targets.”

Rob McDonald
Managing Director,
SSEN Transmission

Innovation in action

Enabling offshore wind through Innovation

Over 2023/24, three of SSEN Transmission innovation projects focused on enabling future offshore renewables were successful in securing funding from Ofgem’s Strategic Innovation Fund (SIF) – a fund designed to drive innovation projects to create the future energy networks for net zero. In July 2023, the Network DC and INCENTIVE projects were successful funding for final phase funding for the development of full-scale demonstrator projects. Project BluePrint was awarded first stage feasibility funding in March 2024. These are important projects seeking to address the barriers to delivering offshore wind at scale.

Network DC
Circuit breakers, which already exist on the onshore alternating current network, minimise the impact of faults, allowing power to keep flowing elsewhere on the network. The Network DC project aims to advance the readiness of Direct Current Circuit Breakers (DCCBs) for implementation on the GB system, which are needed to enable the development of offshore DC networks to allow the delivery of offshore wind at scale.

INCENTIVE
Facilitating the rapid roll-out of intermittent offshore wind generation

requires addressing grid balancing and stability challenges, without which the GB grid could experience issues such as increasing the likelihood of blackouts and maintaining reliance on fossil fuel generators. INCENTIVE will explore new solutions demonstrating the use of innovative voltage, current and frequency control technologies coupled with energy storage at the point of onshore connection of offshore wind farms, to allow offshore wind farms to stabilise the onshore grid.

BluePrint
The BluePrint project is looking to develop solutions to overcome the uncertainties of connecting offshore wind farms to areas of the GB network that are constrained. The project will build on National Grid ESO’s Network Holistic Design, aiming to better understand how the future network will be delivered and to accelerate connection times for bringing renewable energy onto the transmission network across the UK to reach net zero targets.

All of these projects will be delivered in collaboration with other partner organisations. More detail can be found at ssea-transmission.co.uk/innovation.

Delivering world-class renewable assets

SSE Renewables is delivering world-class renewables projects at scale, which provide the green energy the world needs to sustainably meet climate and energy security commitments.

A year of strong progress

SSE Renewables' large capital projects that spur renewable electricity generation are at the heart of building the energy system of the future – and, working with contract partners, stakeholders and communities, SSE Renewables made significant progress in 2023/24. It reached several important milestones on key flagship projects for onshore and offshore wind, and hydro, while also building its pipeline of future developments including solar and battery.

Offshore Wind

Seagreen offshore wind farm, the world's deepest fixed-bottom asset, became fully operational in October 2023, more than doubling SSE Renewables' offshore wind capacity. The initial installed turbines at Dogger Bank, which will be the world's largest offshore wind farm when complete, also generated first power in October 2023.

Onshore Wind



In August 2023, SSE Renewables installed the final turbines at Viking Wind Farm in Shetland, achieving first power in June 2024 while Lenalea Wind Farm in Ireland moved into operations in December 2023. Installation of turbines at Yellow River, which will be SSE Renewables' second largest windfarm in Ireland when complete, began in January 2024. Construction began on SSE's first two Continental Europe wind projects, Chaintrix (28MW) in France, and Jubera (64MW) in the Rioja region of Spain.

Hydro

In May 2024, Scotland's iconic Tummel Bridge hydro power station generated renewable electricity once again following the successful installation and energisation of the first of two new bespoke hydro power turbines. The project involves the replacement of the station's two original 'Francis' hydro turbines, which were installed in 1933, with new modern technology that will extend the power station's working life by at least 40 years. SSE Renewables is also progressing exploratory works at the first large-scale pumped storage scheme to be developed in the UK in over 40 years with Coire Glass.



SSE Renewables flagship projects milestones 2023/24

 <p>Seagreen 1.1GW (SSE Renewables share: 49%) The world's deepest fixed bottom offshore wind farm Fully operational (Oct 2023)</p>	 <p>Dogger Bank 3.6GW (SSE Renewables share: 40%) The world's largest wind farm when complete First power generated (Oct 2023)</p>	 <p>Viking 0.4GW Europe's most productive onshore wind farm when operational Final turbine installed (Aug 2023)</p>
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Solar and batteries

Solar and battery technologies support net zero, and SSE Renewables has a secured pipeline of projects of around 2GW. In April 2024, its first 50MW battery energy storage system (BESS) at Salisbury in Wiltshire became fully operational. In November, SSE Renewables also took a Final Investment Decision (FID) to proceed with the construction of one of the UK's largest

BESS projects in Monk Fryston, Yorkshire, with construction of the 320MW project now underway. In Northern Europe, the business is progressing a 959MW portfolio of solar photovoltaics ('solar PV') projects in Poland. This early-stage pipeline will be progressed under Developer Services Agreements with local development partners.



“There can be no transition to net zero – nationally or internationally – without the large scale deployment of renewable energy. At SSE Renewables, we are getting that capacity in the ground – and doing it in a way that delivers benefits to local people and will restore local environments too.”

Stephen Wheeler,
Managing Director, SSE Renewables

Partnering to accelerate renewables in Ireland

In March 2024, SSE Renewables with Bord na Móna announced one of the largest ever joint venture renewable energy deals in the Irish market to accelerate delivery of up to 800MW of new onshore wind generation over the next decade. More than €1bn could be invested by the 50:50 joint venture partnership, with a portfolio of projects that could provide enough clean energy to power over 450,000 homes a year. The joint venture includes three projects already in preplanning development (c. 250MW) as well as a portfolio of 550MW of future prospects. These projects have the potential to make a substantial contribution to the nation's 2030 renewable energy goals set out in Ireland's Climate Action Plan.

Breaking ground in Continental Europe

Over 2023/24, SSE Renewables began construction on its first onshore Continental Europe wind projects. This included breaking ground on the eight-turbine Chaintrix (28MW) in France, in

November 2023 with a ceremony attended by elected representatives and supply chain partners. In February 2024, construction also began on Jubera (64MW) in the La Rioja region of Spain, which when operational will generate enough low-carbon renewable energy to power around 55,000 homes annually. The projects are targeting commissioning at the end of 2024 and 2025 respectively.

Delivering green energy to customers

Together with development partners FuturEnergy Ireland, SSE Renewables announced in May 2024 that it entered into a multi-year Corporate Power Purchase Agreement (CPPA) with Microsoft. Under the terms of the CPPA, the renewable electricity produced by Lenalea Wind Farm will contribute towards Microsoft's goal of powering its data centre operations with 100% renewable energy by 2025. This is the first long-term CPPA which SSE Renewables has entered into for one of its assets. The renewable energy CPPA secures a sustainable route to market for one of Ireland's newest onshore wind farms.



Smart, fair and sustainable

The transformation of local electricity networks is well underway and SSEN Distribution is at the forefront – responding now, in a way that is smart and fair.

A strategic focus on sustainability

In preparation for the RIIO-ED2 price control period, SSEN Distribution released strategic updates to its Climate resilience and Sustainability strategies in October 2023. The strong foundation of delivery through RIIO-ED1 brought improved understanding of climate adaptation, demonstrated commitment to future network resilience by embedding climate adaptation into 'Business as Usual' whilst supporting stakeholders along the way. With the first year of operating in the RIIO-ED2 price control period now complete, the imperative remains to maintain focus and continuously strive to improve SSEN Distribution's sustainability impact.

The LENZA tool shows live capacity on the network and predicted constraints, allowing local authorities to make better decisions on where to put new energy assets or roll out low-carbon programmes. This enables these technologies to be sited in cost-effective locations in places for the benefit of all people in local communities. SSEN Distribution has onboarded the first group of five local authorities to the tool, which is now available to all local authorities across SSEN's licence areas, and will be deployed on a staged basis.

Biofuel alternatives fueling mobile generation

SSEN Distribution's mobile diesel generation asset base plays an important role in the operation of its network, used for the purpose of maintaining uninterrupted electricity supply to customers during periods of planned maintenance and fault works. Greenhouse gas (GHG) emissions arising from the use of these generators makes a considerable contribution to SSEN Distribution's total carbon emissions.

In working towards its SBTi-verified carbon targets SSEN Distribution business is seeking to reduce its reliance on diesel as a fuel source for these generators, and to transition to HVO as an alternative. Over 2023/24, SSEN Distribution has been trialling the use of Hydrotreated Vegetable Oil (HVO) in its mobile diesel generation plant across its two licence areas, which has a lower GHG emissions profile across its lifetime when compared to alternatives such as diesel. This trial showed that savings in GHG emissions could be made. Following this successful trial, SSEN Distribution is planning to roll out the use of HVO as business as usual across all its mobile diesel generation plant.

Decarbonising operational vehicles

SSEN Distribution has ambitious commitments for its vehicle fleet, committing that 80% of its vehicles up to 3.5 tonnes be EV by end of RIIO-ED2 (2028), and 100% by 2030. An 'alternative first' approach has been taken to vehicles

for the business, where any new non-EV vehicle procured must consider an alternative to diesel first, and also prove that potential alternatives do not meet operational needs before proceeding. SSEN Distribution is currently trialling a fully hydrogen 3.5 tonne vehicle, as well as electric vans in its operations in the north of Scotland. A first-of-its-kind solar panel is currently being tested for transits across operations, and a new Iveco long trial is in the pipeline.

SSEN Distribution is supporting the decarbonisation of Scotland's heavy good vehicles (HGVs) as a member of the Zero Emission Truck Taskforce. In March 2024, Zero Emission Truck Taskforce launched the HGV Decarbonisation Pathway. The HGV Decarbonisation Pathway is the result of 18 months of work by the Zero Emission Truck Taskforce, and sets out the four key challenges posed by a move to zero-emission trucks, and how to address these through energy infrastructure, financial models, confidence in technological and commercial change, and workforce skills.



“ Making the most of the renewable revolution requires both new sources of clean power, and a new way of thinking about how we distribute and use it. Making that happen at a local level is a massive task – but it's an eminently achievable one.”

Chris Burchell
Managing Director,
SSEN Distribution



Enabling net zero at the local level

Local electricity networks are key in the transition to net zero and SSE has been supporting local authorities to identify the changes and resources needed to achieve net zero at a community level. In October 2023, SSEN Distribution launched its innovative Local Energy Net Zero Accelerator (LENZA) tool, designed to help local councils accelerate the development of holistic and efficient local area energy plans.

Innovation in action

Pioneering innovation projects

Core to SSEN Distribution's strategy is undertaking innovation projects to accelerate the readiness of low-carbon technologies and demonstrate their practical application. Over 2023/24, SSEN Distribution was successful in securing funding for a number of innovation projects through Ofgem's Strategic Innovation Fund. These projects, in collaboration with strategic partners, aiming to better support customers and communities, and benefit the environment.

March 2024 funding award

UN:LOCK: will look at ways to open up network capacity on the Isle of Wight, helping to accelerate the connection of low-carbon technologies, such as solar.

MAXFLEX: aims to create flexibility opportunities for local authorities, industrial and commercial properties in their energy usage as well as their energy generation potential.

NATURE4NETWORKS (N4N): will explore the use of nature-based solutions to protect electricity networks from climate change-related impacts such as flood risk and extreme heat.

SEACHANGE: aims to model ports and harbours in a net zero world to support their decarbonisation.

October 2023 funding award

VIVID: will unlock the power of data gathered by smart meters and other public sources to identify which consumers would most benefit from timely, useful help.

LEO-N: aims to harness new tools to enable neighbourhoods and communities to trade and share energy, and will make the best use of available capacity. See case study for more information.

These latest projects join a portfolio of innovation projects that SSEN Distribution is running with partners, which can be found at sseo-innovation.co.uk.



Building on flagship Project LEO innovation project

Project Local Energy Oxford (LEO), which ended in 2022, was one of the UK's most ambitious, wide-ranging and innovative energy trials. The £40m collaboration, in which SSEN Distribution was the lead partner, sought to demonstrate how the growth in small scale renewables, EVs, battery storage and demand side response can be supported by a local, flexible and responsive electricity grid.

Building on the success of Project LEO, SSEN Distribution is partnering on the Local Energy Oxford -Neighbourhood (LEO-N) project. The project is focused on helping families and businesses gain access to new ways to decarbonise their homes and workplaces. It aims to harness new tools to enable neighbourhoods and communities to trade and share energy, and will make the best use of available capacity. LEO-N will develop Smart and Fair Neighbourhoods from Project LEO which demonstrated flexibility services sitting at the heart of a smarter, locally balanced energy system. LEO-N is focused on helping families and businesses gain access to new ways to decarbonise their homes and workplaces.

A successful LEO-N project offers the prospect of many benefits to the distribution operator's consumers, network customers and the planet. It can bring down energy bills and provide healthier, warmer homes, while offering the potential for lower network costs and fewer disruptive upgrades. Additionally, it will speed up the transition to a zero-carbon energy system.

Valuable flexibility for the net zero transition

SSE Thermal’s power stations and gas storage sites provide the flexibility which support a renewables-led energy system, and it is working to develop new low-carbon flexible power which is urgently needed in both GB and Ireland this decade and beyond.

Adapting a low-carbon strategy to the policy environment

SSE Thermal continues to progress its low-carbon plans to support the decarbonisation of the energy system, at the same time as working to reduce the carbon impact of its CCGT fleet where possible.

In GB policy progress has been slow on CCS and hydrogen, despite cross-party support for the technologies. To enable these technologies, Government intervention is needed both in terms of relevant policies and in building the shared CO₂ and hydrogen pipeline infrastructure that new assets will connect to and rely on.

Recognising that progress to decarbonise is slower than expected, SSE Thermal has evolved its CCGT strategy to ensure new projects can meet the short-term capacity challenge while driving long-term decarbonisation efforts. In 2024/25, Keadby Hydrogen Power Station will go into planning with the application being ‘dual fuel’ in nature. This means that the 900MW plant, being developed on a 50/50 basis with Equinor, could either run on hydrogen or natural gas whilst being operational by 2030. While the ambition would be to run on 100% hydrogen from inception, Keadby Hydrogen would have the capability to run on natural gas for an initial period if the necessary hydrogen infrastructure is not fully in place, while also utilising market-leading turbine technology to ensure maximum efficiency.

SSE Thermal continues to advocate for supportive policy intervention to accelerate the deployment of CCS and hydrogen. See page 28 for more information.

Supporting a hydrogen economy

In December 2023, SSE Thermal announced it had become joint owner of a blue hydrogen production project in Teesside, which is set to play an important role in a reliable decarbonised power system by 2035 and supporting industrial decarbonisation. Blue hydrogen is hydrogen that is made using natural gas reforming with CCS technologies to capture the CO₂ byproduct and will meet both the EU and UK’s low carbon hydrogen standard.

The Climate Change Committee has identified the role blue hydrogen will play in securing a reliable and decarbonised power system. It can support the development of green hydrogen (hydrogen created through electrolysis of water using renewable energy) by stimulating early demand for hydrogen at scale and establishing the core infrastructure required for a hydrogen economy. If delivered, the project would contribute to the UK Government’s ambition of 10GW of low-carbon hydrogen production by 2030, of which at least 4GW could be blue hydrogen.

The partnership with Kellas Midstream will see the companies jointly develop H2NorthEast, a hydrogen production facility with CCS that could help to kickstart a hydrogen economy in the Tees Valley. In its first phase, H2NorthEast could deliver up to 355MW of blue hydrogen production capacity with plans to scale up to more than 1GW. Offtakers would include heavy industry and power generation, either through blending into existing assets or in new hydrogen-fired plants.

Teesside is a key location for decarbonisation, with the UK Government committed to developing

CO₂ infrastructure in the region and multiple low-carbon projects already being taken forward. The hydrogen produced via H2NorthEast would be fully compliant with both the UK’s Low Carbon Hydrogen Standard and is expected to be aligned with the EU Taxonomy for sustainable activities.



“While the speed of deploying next generation decarbonised power stations has slowed, the need for them remains absolute and SSE Thermal is determined to help the UK accelerate their deployment. Developing hydrogen-ready power stations mean we can help keep the lights on in the early 2030’s whilst retaining the ability to transition to hydrogen once the infrastructure and fuel is available.”

Finlay McCutcheon
Managing Director, SSE

Repurposing Tarbert for a low-carbon future

For half a century, Tarbert Power Station generated electricity for the benefit of households and businesses in County Kerry and beyond. The plant made a huge contribution across the years, with the people who worked there – many with decades of service – taking real pride in the personal role they played in powering the country.

Generation at Tarbert ceased in 2023 due to a requirement of the station’s environmental licence. The closure of Tarbert has been an example of how high-carbon asset closures can be managed for the benefit of people and wider society.

Supporting a just transition for Tarbert’s workers

During the period ahead of closure, SSE engaged constructively with the 60-strong workforce and delivered an enhanced redundancy package through the collective consultation process. This reflected numerous factors, including the length of service of outgoing colleagues with more than half being over the age of 60. Following the conclusion of the consultation, 23 employees left the business, while 13 people have been retained on an enduring basis.

The next generation of lower-carbon plant

The ability to retain employees is motivated, in part, by SSE’s objective to develop new power generation at Tarbert. To that end, development is in progress on Tarbert Next Generation Power Station, a 350MW facility fueled by sustainable biofuels.

That would support short-term security of supply challenges in Ireland, with the plant potentially operational by 2027 assuming a positive planning outcome and final investment decision. It would also support Ireland’s long-term decarbonisation efforts, with the plant offering a lower-carbon solution than traditional fossil fuel generation and having the capability to convert to hydrogen in the future.

Specifically, Tarbert Next Generation Power Station would initially run on Hydrotreated Vegetable Oil (HVO), which has a lower GHG emissions profile across its lifetime when compared to alternatives such as diesel or natural gas combustion. SSE is committed to ensuring the HVO is sourced as sustainably as possible and certified to the International Sustainability and Carbon Certification and Renewables Fuel Assurance Scheme as well as meeting the EU’s RED II sustainability requirements. See page 37 of SSE’s Annual Report 2024 for more detail.

Ensuring security of supply for Ireland As a responsible business, SSE Thermal is also supporting the Irish Authorities on a 150MW Temporary Emergency Generation project at Tarbert, which would only be utilised when market-sourced generation is not sufficient to meet system needs. It would also have no bearing on the achievement of SSE’s 2030 carbon targets

covering direct emissions, with the project required to cease operations no later than 2028.

Combined, these projects – along with other opportunities at the site - underpin a strategic future at Tarbert and will create new low-carbon jobs in the coming years while also providing redeployment opportunities for staff at the existing station.



Committed to decent work and economic growth

Through the operation of its assets, SSE is embedded for the long-term in the places in which it operates. It works to ensure new investments create and share enhanced value with workers, communities and wider society, in a way that is fair and appropriate to local context.

Champion a fair and just energy transition

Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.



£6.86bn

contribution to UK and Irish GDP



10

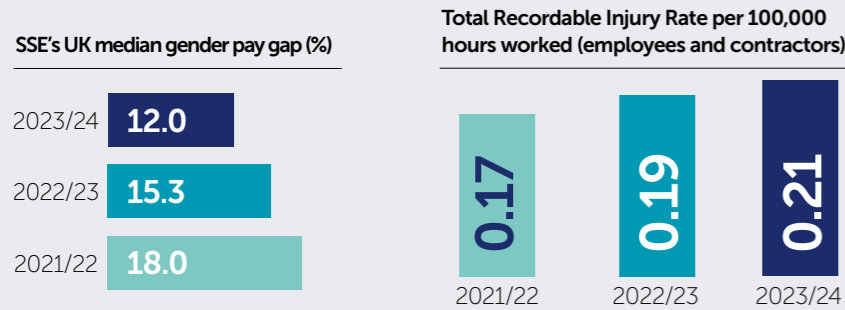
consecutive years as an accredited Living Wage employer

With a just transition at the heart of its approach to delivering net zero, SSE revisited the principles of its Just Transition Strategy in early 2024 to ensure they remained appropriate and relevant, with a basket of 10 key performance indicators identified to monitor progress.

Over 2023/24, SSE contributed an estimated £6.86bn to the UK and Irish economies, with contribution to GDP in Ireland breaking the €1bn mark for the first time. Jobs supported as a result of SSE's economic activities increased by over 13,000 compared to the previous year, to 56,500. SSE marked 10 years of Living Wage accreditation, and became a Living Pensions accredited employer in November 2023. SSE's efforts to improve diversity were reflected in its UK gender pay gap falling to 12%, from 15.3% in 2022/23 – the largest proportional reduction it has achieved to date.

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Providing a safe and secure workplace	page 71
Valuing employee voice	page 74
Guaranteeing fair work	page 77
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Performance summary



Category	Key performance indicator	Unit	2023/24	2022/23	2021/22
Sharing economic value	Contribution to GDP (UK/Ireland) ¹	£bn/€bn	5.96/1.06	6.04/0.43	5.82/0.44
	Jobs supported (UK/Ireland) ¹	Headcount	53,230/3,270	39,940/2,430	45,290/1,840
	Taxes paid (UK/Ireland)	£m/€m	679/68.0	502/53.8	335/46.4
	Investment in communities ²	£m	12.2	16.9	11.2
Increased productivity	Employee productivity compared to national averages (UK/Ireland)	Number:1	3.3:1/2.7:1	4.7:1/2.3:1	4.1:1/2.9:1
	Investment in learning and development ³	£m	32.0	23.2	17.3
	Average training hours per FTE	Hours	21.1	19.8	20.7
Full, productive and inclusive employment	Employees on permanent contracts	%	95.3	95.2	94.4
	Employee retention/turnover rate ⁵	% retention/% turnover	91.3/ 8.7	89.5/10.5	90.5/9.5
	Voluntary turnover rate	% (% of total turnover)	5.5 (62.5)	7.0 (66.2)	7.8 (60.6)
	Lost days due to sickness	Number	57,973	83,650	68,270
	Average lost days per head	Number	4.2	6.9	6.3
	Employee engagement survey score	%	85	84	82
	Median UK gender pay gap ⁶	%	12.0	15.3	18.0
	Reduce the risk of modern slavery	Human rights grievances filed through formal mechanisms	Number	0	0
Labour rights	Total recordable injury rate – employees and contractors combined	Per 100,000 hours	0.20	0.19	0.17
	Employees covered by collective bargaining agreements (UK & Ireland) ⁷	%	47.6	50.3	54.2
	Speak up (whistleblowing) contacts made	Number	73	50	49

¹ Estimated values from PwC UK analysis. Full report available on [sse.com/sustainability](https://www.sse.com/sustainability). Values for previous financial years not adjusted for current prices.
² See page 68 for further details. The 2022/23 figure has been adjusted from £16.5m as previously reported, to £16.9m to reflect reports from third parties community organisations which were received after the end of the financial year.
³ See page 79 for further details.
⁴ Includes voluntary and involuntary turnover, excludes end of fixed term contracts and internal transfers.
⁵ Data correct as at 5 April in each year. See SSE's Inclusion and Diversity Report 2024 for more information.
⁶ Includes only collective bargaining arrangements of which SSE is aware – employees may have personal arrangements in place too.

Powering the just transition

With the imperative for accelerated climate action forming the core of economic and industrial policy, attention is now, rightly, focusing on the social implications of that transformation.

Revisiting SSE's just transition principles

Taking stock four years on
 SSE was the first company globally to publish a Just Transition Strategy in November 2020. Based on a framework of 20 principles, it is designed to guide decisions and actions as SSE transitions from high-carbon activity to net zero. Since the launch of its strategy, SSE has continued to engage extensively with stakeholders and has reported regularly on the impacts of its activities exiting from high-carbon activity and developing its low-carbon assets.

SSE's 2023 Measuring Progress report gave a comprehensive account of its progress to date, by providing evidence demonstrating actions and outcomes affecting core stakeholders against each of the principles. Through this exercise it

became clear that determining quantitative evidence to encapsulate the spirit of just transition is challenging and that putting in place defined KPIs would help to create greater transparency and accountability, by enabling progress to be tracked more accurately over time.

In addition, the dialogue on just transition at both the sector and national levels has progressed rapidly in recent years, with an increased focus on a more 'place-based' approach to ensure that the just transition is grounded in the communities in which it will happen, informed by the local insight of the people who will be most affected. These factors, together with an investor question at the 2023 Annual General Meeting, provided the impetus for a review of SSE's Just Transition Strategy in early 2024. SSE carried this out in consultation with a range of internal and external stakeholders, including representatives from SSE's four recognised Trade Unions.



SSE's 20 Principles for a Just Transition				
Transitioning into net zero places			Transitioning out of high-carbon places	
SSE's principles for good, green jobs	SSE's principles for consumer fairness	SSE's principles for building and operating assets	SSE's principles for people in high-carbon jobs	SSE's principles for supporting communities
<ol style="list-style-type: none"> 1. Guarantee fair and decent work 2. Attract and grow talent 3. Value employee voice 4. Deliver transformation through inclusion and diversity 	<ol style="list-style-type: none"> 5. Consult and co-create with stakeholders 6. Factor-in whole-system costs and benefits 7. Make transparent, evidence-based decisions 8. Advocate for fairness 	<ol style="list-style-type: none"> 9. Set and monitor social safeguards 10. Support competitive national and local supply chains 11. Share value with communities 12. Implement responsible developer standards 	<ol style="list-style-type: none"> 13. Re-purpose thermal generators for a net zero world 14. Establish and maintain trust 15. Provide forward notice of change 16. Prioritise retraining and redeployment 	<ol style="list-style-type: none"> 17. Deliver robust stakeholder consultation 18. Form partnerships across sectors 19. Promote further industrial development 20. Respect and record cultural heritage

Outcomes of the 2024 review process

Amending the Just Transition Strategy

SSE's 2024 Just Transition Strategy review found that the 20 existing principles remain relevant, with only minor amendments needed to the wording of the principles and further clarity added in the definitions which sit below them. The revised principles are shown in the diagram [above] and full details of the review process and can be found at sse.com/sustainability/just-transition.

The importance of place

One key strategic consideration identified as part of the review was the importance of place (rather than company) in the transition to net zero. In order to gain a better understanding of its impact on places, taking into account its assets, capabilities and how they operate at different scales, SSE has developed an action plan for the next 12 months:

1. Identify the most material places in the UK and Ireland relating to SSE's business activities.
2. Measure the value of community benefit funds.
3. Quantify the social impacts SSE makes, including the number of people employed, apprenticeship programmes and investment.
4. Measure direct investment in social infrastructure including, for example, investment by SSEN Transmission in housing.
5. Provide case studies of supplier initiatives.

These actions will provide more clarity on where and how SSE impacts upon its stakeholders, thereby allowing it to target resources to the places and people that need them most.






¹ A small number of SSE employees are covered by sector related collective bargaining agreements, bringing the total % of employees in the UK and Ireland covered by collective bargaining agreements to 47.6%.

A framework for measuring progress

As a result of the review a basket of 10 KPIs has been identified, spanning all five pillars of SSE's Just Transition Strategy. These KPIs will develop over time as SSE explores new ways to

monitor and measure its impacts. For example, KPI 6 sets out a commitment to calculate and disclose the cost to consumers of each unit of electricity transported by SSEN Transmission. This is an important new metric and is in development with the

support of independent consultants. The data will therefore be available from financial year 2024/25 and will be subsequently disclosed annually.

Principle	KPI	2023/24	2022/23	Unit	Measure (Target/Monitor)
 PILLAR 1: Principles for good, green jobs	1. Monitor trends in employee satisfaction across a range of measures through the Great Place to Work Survey including, wellbeing, reward, safety, and inclusion	Sustainable engagement index: 85 Work-life balance: 87 Reward: 64 Safety: 92 Inclusion and Diversity: 89	Sustainable engagement index: 84 Work-life balance: 85 Reward: 60 Safety: 92 Inclusion and Diversity: 91	%	Monitor
	2. Annual increase in total SSE employee headcount ¹	13,891	12,180	Number	Target
	3. Employee diversity profile and 2030 targets: Gender (33%), ethnicity (15%), disability (8%), and LGBTQIA+ (8%)	Gender: 31 Ethnicity: 10.1 Disability: 11.6 LGBTQIA+: 4.1	Gender: 30 Ethnicity: 8.1 Disability: .9 LGBTQIA+: 3.8	%	Target
 PILLAR 2: Principles for consumer fairness	4. Transmission and Distribution only: achieve the advanced stage of the Accountability Stakeholder Engagement Maturity Ladder (AA1000SES)	Transmission: Advanced rating achieved Distribution: Advanced rating achieved	Transmission: Advanced rating achieved Distribution: Advanced rating achieved	Rating	Target
	5. Onboard 100% of local authorities who express an interest in Local Energy Net Zero (LENZA) tool, supporting them to develop and deliver effective whole system and net zero initiatives	41	N/A	%	Target
	6. Transmission only: cost to consumers of MWh transported	Data will be available from financial year 2024/25	N/A	£/MWh	Monitor
 PILLAR 3: Principles for building and operating assets	7. Monitor trends by spend in % of tier 1 suppliers categorised as medium/high/very high risk for human rights ²	Medium: 55.6 High: 0.72 Very high: 0.32	Medium: 35.0 high: 0.2 Very high: 0.1	%	Monitor
	8. Monitor trends in total supply chain spend	5.5bn	3.7bn	£	Monitor
 PILLAR 4: Principles for people in high carbon roles	9. Monitor trends in number of new recruits who have transitioned from high to low carbon roles	35%	N/A	Number	Monitor
 PILLAR 5: Principles for supporting communities	10. Invest at least £10m per year into local and regional projects through community investment activities	12.1m	11.8m	£	Target

¹ Figure includes all SSE UK and ROI employees, excludes contingent/agency staff.

² Figures for 2023/24 were calculated using a revised methodology that increased the accuracy of SSE's Joint Venture spend allocation. Therefore, the 2023/24 figures are not directly comparable to the 2022/23 figures.

Valuing high-carbon skills and experience

In SSE's most recent all-employee survey in September 2023, just over 1 in 4 employees reported to have already transitioned from a high-carbon role to a low-carbon career with SSE, up from 1 in 5 in 2021. The survey also provided valuable insights into engagement levels for these employees in comparison to the overall workforce. SSE's former high-carbon employees are, in many areas, more engaged than the rest of SSE's workforce and most notably in relation to strategy, senior leaders, and life at SSE.

In addition to high engagement levels which have a positive impact on culture, former high-carbon workers bring with them a wealth of skills and technical proficiency in key areas such as project management and innovation, along with knowledge of regulatory frameworks and a demonstrable commitment to safety, SSE's number one value. SSE is actively exploring options to introduce more targeted recruitment and workforce strategies to attract people with sunset skills, particularly in communities where high-carbon jobs are prevalent.

Partnering in action

Just Transition: Developing the Skills for a Net Zero Present and Future

Report by Edinburgh University

In September 2023, SSE commissioned the University of Edinburgh to conduct research on sunset (decline) and sunrise (growth) jobs and skills, focusing on identifying skills overlaps with the energy industry and exploring opportunities for ensuring that the energy transition is managed in a just and sustainable way. The research concluded in early 2024 and the early findings are set out below:

- Where there are expected areas of decline, these are well anticipated, allowing opportunities to transfer skills.
- Evidence suggests that most sunset jobs involve skills which are transferrable, with softer skills and other, non-technical skills likely to be more easily transferrable.
- Geographically, the transformations in sunset and sunrise jobs will impact some regions more than others and there are significant opportunities to embed enduring skills in affected communities.
- There is an urgent challenge around access to skills training, with the availability and accessibility of training found to be inconsistent across regions.

SSE will analyse the outputs of the research in detail and explore ways in which it can contribute to addressing the issue of access to skills training, with a particular focus on the regions identified as being most impacted by the energy transition.



Sharing the benefits of net zero

Creating and sharing value with society and other stakeholders in a sustainable way is embedded in SSE's strategy and is key in supporting sustainable delivery of SSE's business objectives.

Creating and sharing economic value

Through its investment in low-carbon infrastructure SSE makes a considerable contribution to the UK and Irish economies. To understand its socio-economic impact, SSE commissions professional services firm PwC UK to estimate the value it contributes to GDP and the jobs it supports across its home markets annually. Over 2023/24, SSE made an estimated £6.86bn contribution to GDP and supported 56,500 jobs across the UK and Ireland.

SSE's Economic Contribution in the UK and Ireland 2023/24

Contribution to GDP:
£6.86bn
 (2022/23: £6.44bn)

Number of jobs supported:
56,500
 (2022/23: 42,370)

In the UK, contribution to GDP remained relatively stable compared to last year, dropping slightly from £6.04bn to £5.96bn in 2023/24, while the number of jobs supported increased to 53,230 for 2023/24, up over 13,000 compared to last year. Similar trends were seen in Scotland, where contribution to GDP decreased from £2.23bn to £1.57bn while the number of jobs supported rose from 10,130 to 13,160. An increase in supply chain spend in the UK resulted in the increase in jobs supported, but this was offset by a slight decrease in adjusted operating profit reported by SSE Group for 2023/24, which resulted in a slight decrease in contribution to GDP. For full details of SSE's financial performance in 2023/24, please see SSE's Annual Report 2024. In Ireland, contribution to GDP more than doubled to €1.06bn compared to

€429m in 2022/23, making 2023/24 the first year that SSE's contribution in Ireland has exceeded €1bn. In the same period, jobs supported in Ireland increased by 35% from 2,430 to 3,270. The increase in jobs supported across the two countries was largely a result of increased supply chain activity, which was also the driving factor in the increased contribution to GDP in Ireland. The successful completion of Lenalea Windfarm in Donegal in late 2023 and progress on the development of Yellow River Windfarm in central Ireland contributed to the upturn in activity in Ireland this year.

This latest analysis brings the total contribution to GDP across the UK and Ireland to £96.2bn over the last ten years (adjusted for current prices). The full 2023/24 SSE economic contribution report, including all the assumptions can be found at sse.com/sustainability along with all past reports.

Paying fair tax

Being a responsible taxpayer is a longstanding feature of SSE's social contract with the societies in which it operates, and 2024 will represent the 10th consecutive year of Fair Tax Mark accreditation. Companies paying the right amount of tax in the right place at the right time is essential for funding vital public services. SSE is one of the UK's largest taxpayers, and in the 2023 PwC Total Tax Contribution survey was ranked 17th out of the 100 Group of Companies in terms of the taxes it pays.

Over 2023/24, SSE's total tax contribution was £1.47bn, consisting of £739m taxes paid (of which £375m was in profit taxes) and £727m taxes collected. This was compared to a total tax contribution of £1.3bn in 2022/23, comprising £549m taxes paid and £764m taxes collected. The increase in taxes paid in 2023/24 was mainly due to higher levels of corporation tax being paid on UK profits, together with higher employment taxes and property

taxes due to the expansion of the Group's activities. Further information on SSE's tax position over 2023/24 can be found on pages 231 to 233 of its Annual Report 2024.



Being recognised for tax transparency

In November 2023, SSE was awarded PwC's Building Public Trust Award for tax reporting for UK focused companies for the second consecutive year. The Building Public Trust Awards assess all companies in the FTSE 350 across various categories and is independent recognition of SSE's clear and transparent tax disclosures.

In November 2023, SSE published its annual Talking Tax Report and was awarded the Global Multinational accreditation from the Fair Tax Mark for the second consecutive year. This report continues to disclose SSE's tax affairs in a simple, transparent, and understandable way for its stakeholders, and includes enhanced country-by-country tax disclosures alongside detail of SSE's tax strategy. SSE's Talking Tax reports can be found on sse.com/sustainability.

Creating enduring value for communities

Investing in lasting community benefit

SSE is one of the largest corporate grant givers in the UK and Ireland, directly investing in the communities in which it operates. During 2023/24, SSE's community investment across the UK and Ireland totalled £12.2m. This included £10.3m awarded through SSE Renewables community funds, £429,000 awarded through SSEN's Resilient Communities Fund, and a one-off award of £1.35m by SSEN Distribution to three local authorities in North-East Scotland to support community resilience plans.

This is alongside smaller contributions through SSE's employee volunteering and matched funding scheme, that helps employees to support charitable initiatives close to them.

£12.2m

Invested in communities in 2023/24

To ensure a consistent and responsible approach to community investment, SSE's funds are managed by an experienced internal team of community investment managers. SSE's community investment across the Group's Business Units is guided by a consistent set of principles based on sharing value, transparency, co-creation, maximising impact, and good governance.

Over 2023/24, SSE refreshed its principles for working with communities ensuring they remain relevant and appropriate as its community investment programme grows alongside its significant capital investment plans. This approach is underpinning the development of SSEN Transmission's first ever Community Benefit Fund, announced in 2024 (see page 52).

A decade of strategic community funding

In 2023, SSE Renewables marked 10 years of its Sustainable Development Fund in Scotland. The fund complements SSE Renewables' local community funds and enables the wider community to benefit from the net zero transition, with a focus on supporting strategic community projects.

10 years

Invested in communities through SSE's Sustainable Development Fund

£13.5m

Invested in communities through SSE's Sustainable Development Fund

96%

Of projects supported by SSE's Sustainable Development Fund are still in operation

The Sustainable Development Fund has invested £13.5m in over 200 projects since 2013. A decade on, 96% of projects funded continue to operate providing a positive impact in the community.

More information on the benefits and impact of the Sustainable Development Fund can be found in SSE Renewables' Sustainable Development Fund: a decade of social impact report, available at sserenewables.com/communities.

Engagement in action

A community-led benefit fund for north of Scotland

In 2024, SSEN Transmission announced the final plan for its first Community Benefit Fund aimed at funding a wide range of community projects across the north of Scotland. This fund is the first to be agreed by the energy regulator, Ofgem, and its launch follows an extensive stakeholder consultation exercise which ran over 2023/24 involving stakeholders from across the north of Scotland to share their views on initial plans for the fund. The consultation received around 140 responses from local authorities, community members

and other interested parties.

From SSEN Transmission's current investment plans, it is estimated the community benefit fund will be in excess of £100m. The funding includes both regional and local opportunities and will align to three key themes:

- **People:** focusing on skills, training and employability;
- **Place:** emphasising the community and culture of the north of Scotland; and
- **Reducing fuel poverty levels.**

An initial £10m community benefit fund related to infrastructure projects already in development will be open for its first applications in September 2024. An independent panel of advisors and experts is being established to assess applications and make funding decisions.

> £100m

SSEN Transmission 2030 Community Benefit Fund agreed

Curating a national legacy

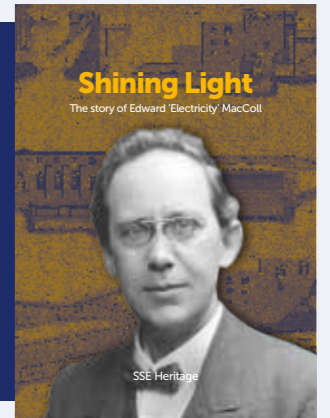
SSE's Heritage team aims to safeguard and tell the stories of the people whose work created the electricity system that we all rely on today. In 2023/24 a significant milestone was reached, the 80th anniversary of the law that brought hydro-electricity to

the Scottish Highlands. Over the year SSE marked this important milestone and brought some of this rich history to life through three important projects.

Shining a light on hydro history

In June 2023, a new biography was published by SSE's Heritage team, *Shining Light: The story of Edward 'Electricity' MacColl*. The biography, based on Sir Edward's professional records and illustrated with archival and other photographs, details McColl's struggles to convince politicians to back technology

in the face of criticism from landowners, tourist businesses and those working in the coal industry, as well as his conviction that hydro-electricity could revitalise the regional economy. All at a time when the country was dealing with the impacts and aftermath of World War 2.



Power from the Glens art exhibition

SSE curated 'Power from the Glens' art exhibition in Edinburgh, in September 2023, showcasing original drawings and designs from SSE's earliest hydro schemes in the north of Scotland. With texts provided by Dr Alistair Fair, Reader in Architectural History at the University of Edinburgh, the exhibition featured the original design drawings of key architects and artists involved in the projects.

Observing the journey of salmon close up

After six decades of service, SSE's fish ladder observation chamber at Pitlochry Dam was required to close in 2019 to ensure the safety of the members of the public. Recognising the community value of this service, SSE opened a new, accessible observation point at Pitlochry Dam Visitor Centre as part of its hydro at 80 celebrations. The new observation point provides visitors with views of Pitlochry Dam while they learn about the salmon lifecycle, and observe fish counters and live footage from underwater cameras.



Over 2024/25, SSE Heritage looks forward to sharing stories and experiences with communities from SSE's earliest days to the present day while acknowledging two more important milestones; the 50th anniversary of Foyers Power Station, and

the 75th anniversary of the operation of the first transmission lines designed and developed by the North of Scotland Hydro-Electric Board.

Creating quality jobs through investment in net zero			
Providing a safe and secure workplace			
Health, safety and wellbeing (see pages 71 to 72)	Ethical business culture (see page 72)	Speak up (whistleblowing) (see page 73)	
Guaranteeing fair work	Investing in a net zero workforce	Building an inclusive workforce	Valuing employee voice
Ensuring fair wages and predictable hours (see page 77)	Growing existing skills and talent (see pages 78-79)	Driving inclusion across all levels (see pages 83 to 85)	Listening to employees (see page 74)
Respecting fundamental human rights (see page 77)	Building the future workforce (see pages 80-82)	Measuring and understanding progress (see pages 83 to 84)	Working with employee representatives (see page 76)



“The availability of skilled people is often described as a challenge or a barrier to the achievement of net zero goals. While that is true, I think the opportunity to attract and develop fresh talent into our business and industry is immense, based on our clear purpose and vision. That’s the ethos that is driving our recruitment strategy in SSE in this period of growth.”

John Stewart
Director of Human Resources



Providing a safe and secure workplace

Everyone who works for SSE has the right to a workplace with a safe and healthy business culture in which employees can speak up against wrongdoing freely, and where an unwavering commitment to safety underpins everything SSE does.

Keeping safety at the heart of SSE’s culture

Safety performance in a year of growth

SSE’s culture remains one where doing the right thing is paramount and safety is identified as the number one value. That focus is all the keener following the tragic fatality of Richard Ellis, one of SSE’s contractors’ employees who died in an offsite incident.

Overall, SSE improved its total workforce incident rate, had fewer potentially life-changing injuries, and improved the rate of more serious incidents. However,

contractor safety continues to be an area of focus for SSE with performance falling below expected standards.

SSE’s performance expectation for 2023/24 was set as a Total Recordable Injury Rate (TRIR) of 0.11 for SSE employees, and 0.31 for contractors. SSE’s TRIR for employees exceeded the performance expectation, falling to 0.07 from 0.10 in 2022/23, while the contractor TRIR performance fell well short of expectations, increasing to 0.41 from 0.34 in 2022/23. This reflects a significant increase in investment and construction activity, and the associated rise in contract partner hours worked. To ensure a continued focus on getting

everyone home safe in 2024/25, SSE has set a separate TRIR performance expectation of 0.09 for employees, and for contractors of 0.40.

Taking a fresh look at safety

In 2023, SSE launched several new initiatives to further embed safety as a core part of its culture, outlined in the case studies on pages 71 and 72. Further examples of new safety initiatives launched by SSE in 2023 include a safety, health and environment (SHE) portal giving employees and contract partners access to a wealth of learning from incident reports and other SHE materials and the launch of the SHE Spotlight Awards which enable colleagues to recognise one another for upholding safety as SSE’s number one value (see page 76 for more information on Spotlight).

Safe days achieved

231
(2022/23: 255)

Road traffic collisions*

55
(2022/23: 45)

Partnering in action

Safer Together: SSE Group led partner safety event

SSE’s Safety, Health and Environment (SHE) Strategy emphasises the importance of working with partners who share its commitment to upholding the highest of safety standards and getting everyone home safe. As the number of hours worked by SSE’s contract partners continues to increase, it has become more important than ever for SSE to engage with its partners on health and safety issues to ensure that its values are being put into practice across all of its operations.

In November 2023, SSE hosted its first ever all-company partner safety event in Glasgow. The event was attended by all of SSE’s operational Managing Directors

and over 130 partners, coming together to learn more about SSE’s approach to safety and share best practice. The event also provided an opportunity for SSE to present its first Annual Partner Award to an employee from contract partner Balfour Beatty, in recognition of their industry-leading work on a workplace wellbeing programme in the north of Scotland.

Engagement with Contract Partners will be an ongoing priority for SSE and is underpinned by sustained safety programmes across all Business Units and enhanced SHE specifications setting clear standards.



“We want our people to be happy and healthy at work and to get home safe. Behind this simple statement lies a great deal of commitment, determination, and effort.”

Mark Patterson
Safety, Health and Environment Director

Improving wellbeing support

Throughout 2023/24, SSE has continued to promote physical, mental, and emotional wellness through mental health seminars and webinars covering topics such as stress management, nutrition, life after retirement, and mindfulness.

To add to its programme of workplace health and wellness offerings, in 2023/24, SSE partnered with Grace and Green to provide sanitary products in all female and accessible toilets. The products provided are not only free but are made of sustainable materials and contain no plastic.



Making wellbeing resources accessible

SSE's online Health Hub provide employees with information around wellbeing resources available to them at SSE, and SSE has established a community of wellbeing champions to promote resources and communicate SSE's Group-led wellbeing



Abiding by rules and laws is always the first duty of any company. The likelihood of meeting those standards is enhanced by a clear sense of personal and organisational values. That's the ethos behind SSE's 'Doing the Right Thing' guide for all our employees."

Liz Tanner
Group General Counsel
& Company Secretary

Innovation in action

Immersive safety training

This year saw the introduction of immersive safety training at SSE's newly-built Faskally Safety Leadership Centre in Perth. The facility delivers a unique safety training programme using state-of-the-art technology to blend film and live action to create a powerful, immersive experience.



Actors delivering a safety training scenario at SSE's newly-built Faskally Safety Leadership Centre in Perth.

The programme has been designed and will be delivered by the award-winning Active Training Team (ATT). With ATT's roots in immersive theatre, the programme is based on psychological and neuroscientific learning principles, which ensures that learning is remembered better, for longer, and positively influences behaviour in the real world.

1,700 people have so far received training at the £2.5m purpose-built centre, and it is expected that 7,000 will do so every year for the next three years. The innovative venture will also benefit the local economy with the creation of 60 jobs for the creatives and professional actors responsible for delivering the programme.

initiatives. SSE has over 140 wellbeing champions, covering 44 locations.

Prioritising mental health SSE has a broad network of over 430 Mental Health First Aiders across numerous sites. In November 2023 SSE further enhanced its mental health support by partnering with the Lighthouse Construction Industry Charity, the only charity solely dedicated to the emotional physical and financial wellbeing of construction workers and their families. More information can be found on page 41 of SSE's Annual Report 2024.

Embedding an ethical culture

Doing the right thing

SSE's efforts to reinforce a healthy ethical business culture is inextricably linked to its six core values. Called the SSE SET – Safety, Service, Efficiency, Sustainability, Excellence and Teamwork – they are the behaviours expected of all those who work for, and on behalf of SSE. Over 2023/24, SSE undertook a review of the SSE SET to ensure they remained relevant, especially in the context of its growing business. The review

found that the values continue to resonate with employees, and they could benefit from some simplification of language. More detail of the review can be found on page 40 of SSE's Annual Report 2024.

SSE's employees are guided by its Doing the Right Thing guide to good business ethics. The guide applies to direct employees and those employed by other organisations to work on SSE's behalf. It covers a wide range of topics from staying safe and secure, preventing financial crime and corruption, trading fairly and transparently to engaging with stakeholders. It is available publicly at [sse.com/about-us/our-culture](https://www.sse.com/about-us/our-culture) and is promoted to all employees, as well as being highlighted to suppliers in SSE's Sustainable Procurement Code.

SSE has a suite of mandatory ethics and compliance training including annual modules on cyber security, data protection, inclusion and diversity, as well as bribery and anti-corruption which all employees must complete biennially. Additional modules on competition law, business separation and REMIT are required for selected employees.

Taking action against wrongdoing

Creating a speak up culture

The test of a healthy business culture is one where concerns of wrongdoing are raised without fear of repercussion, and where issues are dealt with quickly and fairly. Those who work for or on behalf of SSE are encouraged to speak up and are protected from any adverse impact of doing so. In addition to internal reporting channels, SSE has an independent whistleblowing channel, hosted by Safecall, with the option

to report anonymously.

The number of reports of suspected wrongdoing increased in 2023/24, with 73 reports made through SSE's speak up channels, compared to 50 the previous year. The increase in reported incidents in 2023/24 is partly as a result of a concerted effort to make the reporting process more simple and accessible by improving internal systems, and is expected with a growing workforce. SSE also made a concerted effort over the year to raise awareness of

its speak up channels, including promoting the Safecall reporting channel as part of its Doing the Right Thing week in November 2023.

The outcomes of reported incidents and investigations for 2022/23 and 2023/24 are outlined in Table 1 and Table 2 below. Every report is triaged and considered for investigation and SSE monitors the trends of Speak Up cases closely.

Table 1: Reported incidents of suspected wrongdoing by category¹

Category	2023/24	2022/23
Health and safety (general safety, environmental, product contamination)	7	8
Dishonest behaviour (fraud, theft, bribery, integrity, money laundering, corruption)	17	16
Conduct (bullying, harassment, victimisation)	27	10
Inclusion and diversity (racism, discrimination, unfair treatment)	2	2
Drugs/alcohol	8	5
Regulatory compliance	0	1
General (data protection, policy, reputation, corporate governance, failure to investigate)	12	8
Total	73	50

Table 2: Outcomes of investigations into reported incidents of suspected wrongdoing¹

Category	2023/24	2022/23
Dismissal/resignation	4	10
Warning issued	4	1
No action taken	2	0
Informal action - verbal warning ²	5	-
Investigated as grievance	3	1
Investigated and partly substantiated but with no action taken	4	16
Investigated but case not proven	23	12
Initial investigation established insufficient evidence to proceed further	5	4
Unable to investigate due to insufficient information to establish the nature, cause, location or otherwise of the allegation	0	1
Whistleblower withdrawn ²	4	-
Total	54	45

¹ Incidents may be recorded in one financial year but concluded in the next, therefore the total number of incidents recorded in one financial year may differ from the total number of outcomes.

² Category not recorded prior to 2023/24.

Providing holistic support throughout the Speak Up process

SSE is committed to providing care and support to everyone involved in the Speak Up process. For those who report suspected incidents of wrongdoing, SSE's triage system identifies risks so that they can be appropriately mitigated and directs the report to the most appropriate department for investigation. The Speak Up Aftercare

Programme takes the form of a survey issued at the point of initial complaint, at 90 days and 180 days, providing the opportunity to highlight any concerns and feedback on the process.

Recognising the impact of an investigation on those who are accused of wrongdoing, SSE has taken steps to limit the duration of the investigation period to a maximum of

45 days. This approach aims to minimise stress and disruption for all those involved by ensuring that a fair resolution is reached as quickly as possible.

To further support all those impacted by a whistleblowing incident, SSE offers information about its Employee Assistance Programmes at the outset of the process.

Valuing employee voice

SSE provides a variety of channels for employees to share their views, and ensures that feedback is actively listened to and incorporated into company decision-making.

Measuring employee engagement

Actively listening to the employee voice supports an evidence-based approach to improving the employee experience. Every year, employees have the opportunity to share their views in an all-employee survey. An in-depth survey takes place every two years and a shorter 'pulse' survey on alternate years. Through these surveys, SSE measures a number of key engagement indicators which combine to produce its Sustainable Engagement Score – a widely used metric - giving SSE a comparable and meaningful data point to track closely over time.

In 2023, the Sustainable Engagement Score was 85% - up from 84% in 2022. 88% of employees provided feedback which is the highest response rate in recent years, and is viewed as a positive considering the significant number of new employees.

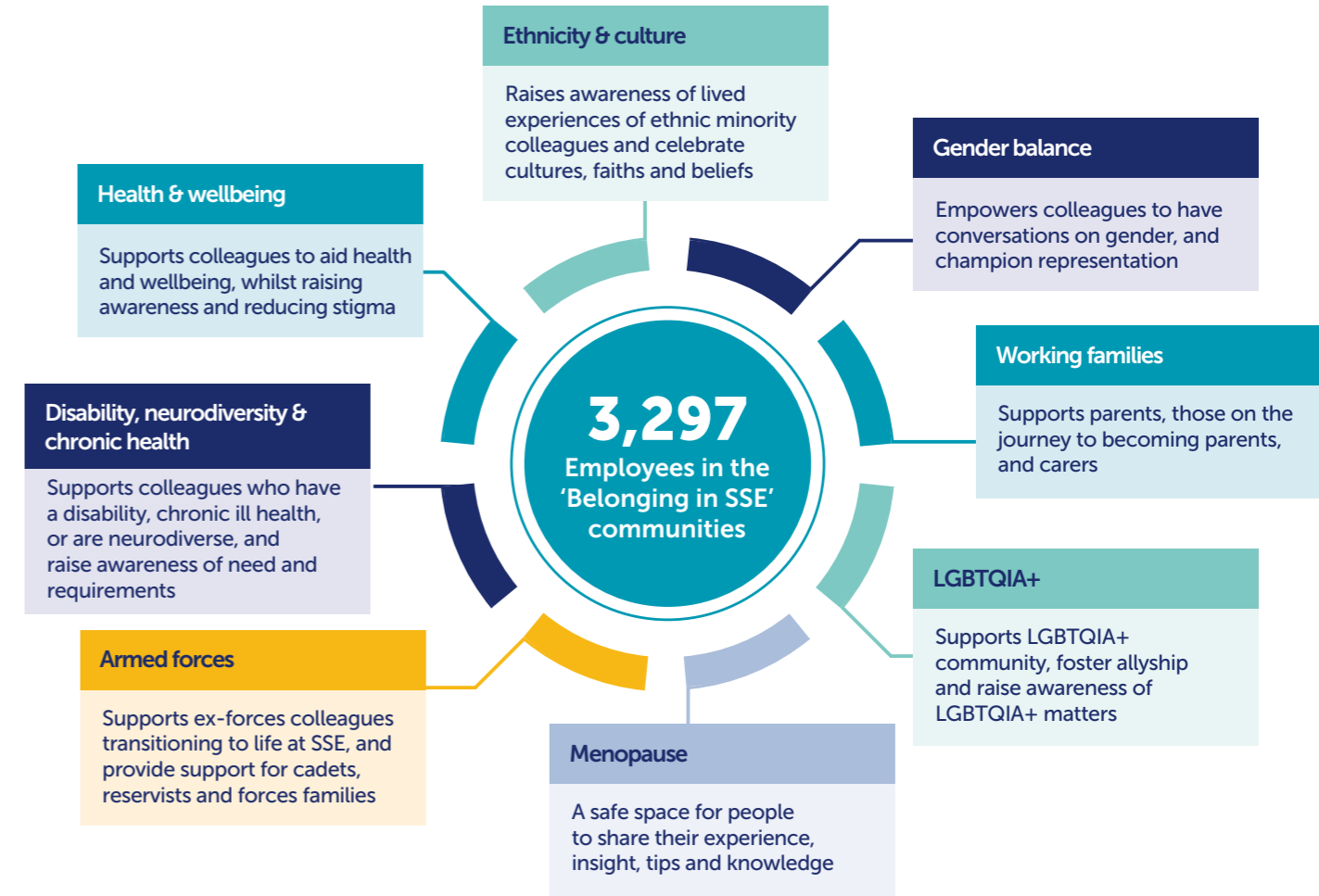
In addition to the annual all-employee survey, SSE also measures engagement at key stages in the employee lifecycle through a six-monthly check-in survey targeting recent recruits and through exit surveys for leavers. Analysis of all three sources of employee feedback has enabled SSE to identify three core pillars upon which its approach to employee engagement



is based: Strategic Engagement, Cultural Engagement and Ways of Working. These pillars represent the most important factors which influence employee engagement across all aspects of working life, from the tone and strategy set by senior leaders, the behaviours and standards employees expect of a safe and ethical

employer, down to the day-to-day working arrangements and relationships which shape the employee experience.

Targeted investment and action plans have been created at both Group and individual Business Unit levels.



Belonging in SSE communities

SSE actively listens to its employees on important inclusion and diversity-related issues through its eight 'Belonging in SSE' communities (see Figure [XI]), ensuring that the inclusivity requirements of each group are understood, considered and integrated into its culture, policies, and process. Over 2023/24, all of the Belonging in SSE communities increased membership, with total membership increasing by 58% compared to the previous year. Across this period the groups have been working towards delivering action plans which are outlined in detail in SSE's Inclusion and Diversity Report 2024.

Maintaining SSE's position as an employer of choice

In 2023, SSE continued to develop its employee value proposition, reviewing and enhancing benefits to ensure a fair and competitive reward offering. Alongside the new approach to personal contract pay

described on page 77, SSE made targeted improvements to several key benefits including the enhancement of its pension proposition by reducing the time it takes to get enhanced employer service-related contributions from five years to two years.

This led to almost 2,000 UK colleagues immediately benefiting from an extra 3% employer pension contribution, investing over £2m a year in saving for retirement, with newer employees seeing the same 3% increase applied from their second anniversary of joining, rather than their fifth. 98% of employees in the UK and Ireland are members of one of SSE's pension schemes and together with strong engagement from employees choosing to increase their own contributions, SSE has seen its average total contribution rate for UK employees increase to almost 16%.

This reinforces SSE's commitment to provide stability and security for workers now and into the future, further demonstrated by SSE being one of the first 25 companies in the UK to become an accredited Living Pensions Employer. For more information on Living Pensions, see page 77.



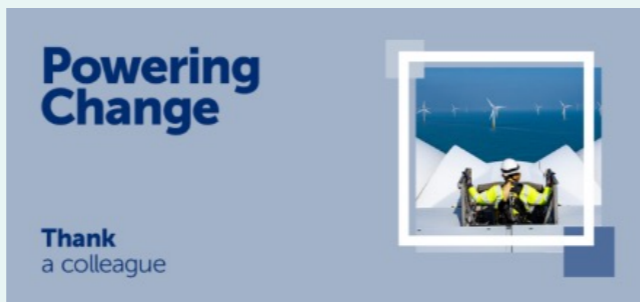


Engagement in action

Putting a spotlight on Spotlight

In response to feedback in the all-employee survey around the importance of recognition, SSE launched its new Spotlight platform in January 2024, providing a space for all managers, employees and contractors to recognise the achievements of their colleagues.

Managed in partnership with Reward Gateway, Spotlight allows employees to thank each other for their role in delivering SSE's strategy through sending recognition moments such as eCards and award nominations. As well as facilitating this style of peer-to-peer recognition, Spotlight allows SSE's most senior leaders to recognise employees with Leadership and Managing Director Awards. Winners of such awards receive points which can be redeemed against items in a Reward Marketplace or as a donation to charity.



Since the launch of the Spotlight platform, one in three SSE employees and contractors have received recognition with more than 12,000 recognition moments being sent and received across the SSE Group.

Working with employee representatives

Everyone in SSE has the fundamental right to freedom of association and to join a trade union. SSE has four recognised trade union partners (Unite, Prospect, Unison and GMB). The Company has mature industrial relations underpinned by an effective network of employee representation forums, with the principal forum being the Joint Negotiation and Consultation Committee (JNCC), and various sub forums with delegated responsibility, including the Joint Business Committees in each business area, the Joint Health, Safety and Environment Committee, the Policy Review Group and the Pay Sub Group.

Through its approach to reward, benefits and employee engagement, SSE strives to create a fair and decent working environment for all employees, under both personal and collectively negotiated contracts. In the interests of transparency and in order to demonstrate its commitment to the right to freedom of association, SSE monitors trends in the percentage of employees covered by collective bargaining agreements. As this right forms a key element of Principle 1 of SSE's Just Transition Strategy (Guaranteeing fair and decent work), a measure of the number of employees with contracts covered by the JNCC has been included as one of the 10 KPIs put in place to enable SSE to monitor progress against its Just

Transition Strategy (more information about these KPIs can be found on page 65). In 2023/24, 47.3% of SSE employees had contracts covered by the JNCC and 47.6% of employees in total were covered by collective bargaining agreements in the UK and Ireland. For employees who are not covered by SSE's collective bargaining agreements, elected employee representatives are in place and an informal engagement group, the Personal Contract Forum, also meets regularly with representatives from the Trade Unions to discuss any matters concerning their Personal Contract members.

Through the Joint Negotiating and Consultative Committee, local Joint Business Councils Committee's and focused working groups such as the

Policy Review Group and the Health Safety and Environment Committee, employee representatives have the opportunity to influence decision making and strategy. Over 2023/24 this engagement included the development, improvement and implementation of various wellbeing and support policies in collaboration with Trade Union partners through the joint Policy Review Group, collective bargaining of the 2024/2025 pay award, working with the pay progression sub-group to ensure that the recently introduced pay progression system is operating effectively, fairly and as intended and a comprehensive joint review of the overarching collective agreement to ensure policies and terms and conditions within the agreement remain up to date and reflective of our business strategy, culture and values.



Guaranteeing fair work

SSE is firmly committed to creating a workplace that offers meaningful, long-term careers, with all employees treated with fairness and respect.

Paying fair

Meaningful employment means remunerating people fairly for the work they do. 2023 marked the 10th anniversary of SSE becoming a real Living Wage accredited employer in the UK. Beyond being an accredited employer, SSE actively promotes the principles of fair pay, working to tackle the challenge of in work poverty through living wage initiatives over the decade. SSE is also the Chair of Living Wage Scotland's Leadership Group and in 2023/24 joined the Living Wage Steering Group on the Global Living Wage, further supporting the movement.

Key milestones in SSE's commitment to the Living Wage over the last 10 years since its initial accreditation can be seen in the timeline on this page, culminating in SSE becoming one of the first companies in the UK to become accredited to all three of the Living Wage Foundation's core initiatives – real Living Wage, Living Hours and Living Pensions.

Over 2023/24 SSE along with Living Wage Foundation began to engage with key suppliers to support the roll out of Living Hours throughout its supply chain. These specific interventions are set to continue over the coming months.

To provide stability and security for workers now and into the future, in November 2023, SSE became an accredited Living Pensions Employer - one of the first 25 companies in the UK to do so. The Living Pension is a voluntary savings target for employers who want to help workers, especially those on low pay, build a pension pot that will provide enough income to meet basic everyday needs in retirement.

Increasing fairness in personal contracts

In March 2024, SSE introduced a positive change to how the pay of those on Personal Contracts is reviewed, which will allow it to provide greater investment to support employee progression. The change comes in response to employees requesting a more structured and

transparent progression system. This new approach combines performance-based pay, with faster progression for those relatively lower in the salary range and allows SSE to recognise the wide range of knowledge, behaviours, judgement, and overall work experience that individuals bring to their roles on personal contracts. This approach provides the ability to recognise individuals' contributions towards achieving the desired results. It also allows SSE to progress people through the salary range more quickly than we have done in the past.

Human rights and modern slavery

Human rights abuses and modern slavery in all its forms are unacceptable to SSE. It therefore has a responsibility to both understand and reduce human rights risk within its businesses and supply chain.

As outlined in SSE's Group Human Rights Policy, it is fully committed to upholding the UN Guiding Principles on Business and Human Rights, the aims of the UN Sustainable Development Goals (SDGs), the principles underpinning the UN Global Compact, of which it is a signatory, and aligning with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Furthermore, it recognises the International Bill of Human Rights and the fundamental rights set out by the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

Since publishing its first Modern Slavery Statement in 2016, SSE has continuously increased transparency about its approach to human rights and modern slavery whilst also ensuring this approach continues to develop. In 2023/24, SSE formalised and published its Human Rights Strategy and launched its updated Action Plan 2023-2026, and prioritised its external collaboration efforts, continuing as a member of the Utilities Against Slavery Steering Committee and Chair of its Training Sub-group. For more information see SSE's Human Rights and Modern Slavery Statements on [sse.com/sustainability](https://www.sse.com/sustainability).

A decade of commitment to Living Wage



2013 **Sept 2013:** SSE becomes the largest Living Wage accredited employer in the UK.

2014 **Apr 2014:** SSE implements a Living Wage Clause into all new service and works contracts in the UK.

SSE implements a Living Wage Clause into all new service and works contracts in the UK, ensuring Living Wage is paid across its supply chain.

2015 **Dec 2015:** SSE is the first large corporate business in Ireland to become a Living Wage employer.

Dec 2015: SSE becomes a Living Wage Friendly Funder in the UK.

2017 **Apr 2017:** SSE extends its Living Wage Clause to cover more non-direct employees beyond the requirements.

2019 **Mar 2019:** SSE links a living wage to its core 2030 business goals.

Goals, linked to the UN Sustainable Development Goals.

2021 **Apr 2021:** SSE is one of first UK companies to become a Living Hours employer.

2023 **Nov 2023:** SSE is one of first 25 UK companies to become a Living Pensions employer

Nov 2023: SSE becomes one of the first companies in the UK to achieve accreditation in all three of the Living Wage Foundation schemes

Investing in a workforce for net zero

SSE's ongoing success depends on the people delivering its strategy, and with a significantly growing workforce, SSE must ensure it develops and retains the skilled workers needed for net zero.

Growing SSE's workforce to meet net zero

In an increasingly competitive job market, securing the right skills to implement its ambitious investment plans remains a highly material sustainability issue for SSE, especially as its workforce continues to grow.

As at 31 March 2024, SSE's headcount increased by 1,711, representing a 14% rise compared to the previous year. SSE's headcount includes 131 employees in locations outside the UK and Ireland but excludes 1,089 employees related to the reacquisition of Enerveo (formerly SSE Contracting) in March 2024.

Growth was seen across all of SSE's Business Units, most notably in its transmission and renewables businesses which have been the focus of significant investment over the last 12 months.

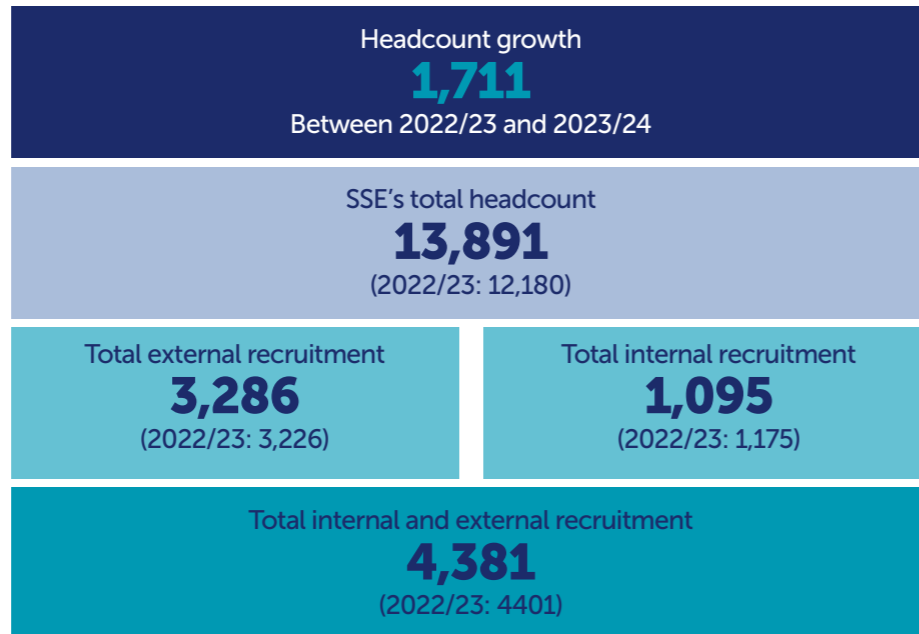
Strategic workforce planning

Workforce planning requires a long-term, strategic approach in order to mitigate the risk of potential skills shortages. In 2023/24, SSE made positive progress towards its objective of having a Strategic



SSE's approach to long-term workforce planning

1. Nurturing existing talent
2. Advancing the talent pipeline
3. Shaping the future workforce



Workforce Plan that informs budgets, resource planning, training, identification of critical skills and talent and succession.

An in-depth review conducted in partnership with consulting firm, Korn Ferry, found that improving the quality and granularity of data on skills shortages throughout SSE is required. As a result, SSE has created an in-house tool to streamline the integration of data around skills gaps across all of its Business Units, enabling better visibility of gaps at both Business Unit and Group level. This has allowed SSE to pinpoint key Group wide skills shortages which informs recruitment strategies and enables more agile deployment of employees with skills that are in high demand across the business.

Each Business Unit has identified the three most critical skills shortages which require particular focus and investment. For example, in SSEN Transmission, developing skills in High Voltage Direct Current (HVDC) which is essential for new electricity transmission links, offshore wind farm connections and interconnectors is

a key priority. More information on SSE's collaborative approach to addressing HVDC skills shortages can be found on page 82.

Similarly in SSE Renewables, developing the skills required to maintain and operate SSE's hydro facilities, particularly within plant control centres, is an important area of focus. SSE has created a Renewables Operation Centre Learning Hub which provides a suite of learning resources in this field and is investigating options to create a simulation tool to train control engineers.

Finally, it is worth noting that skills required in SSEN Distribution are emerging in a number of new areas, in addition to previously identified shortage areas such as jointing and lines, consents, land management and tree-cutting have been the focus of increased investment, for example, a two-year Arborist apprenticeship was launched in September 2023 for a cohort of six learners with a further eight placements planned for 2024.

Nurturing existing talent

Investment in learning

Investment in the development of existing employees is important if SSE's workforce is to be able to respond to the fast-paced changes required in delivering a net zero world. Over 2023/24 SSE invested £12.5m in learning, training, and development, an increase of over 20% compared to the previous year. The average number of training hours per full-time equivalent employee also increased to 21.1, from 19.8 in 2022/23. Throughout 2023/24, [89.4]% of SSE's employees received some form of development, compared to 85.5% the previous year.

Developing SSE's leaders

SSE's Leadership Blueprint provides the framework within which SSE's leaders operate, identifying the five core competencies which leaders need in order to embed the company's culture and values. The Leadership Blueprint defines a set of skills within each competency and provides the development tools needed to attain those skills.

SSE takes a comprehensive approach to developing its leadership population through a number of Group leadership development programmes. These include an annual cohort of leaders progressing through a Career Development Programme delivered in partnership with Ashridge Business School, a suite of online and face to face learning events facilitated by the Henley Partnership, designed around current leadership challenges and learning and development needs, as well as internal development programmes for identified talent to accelerate their career ambitions. Over 200 leaders have benefited from participating in group leadership programmes during 2023/24.

Several internal development interventions are available to SSE's management population to upskill them on a range of topics for example; coaching, communications and presentation skills and managing change and over 2,000 managers have benefited from these interventions during 2023/24.

Enabling the best performance

Empowering employees to perform at their best not only helps SSE to achieve its business goals; it also contributes to

an inclusive culture where everyone can build a fulfilling career. In response to the feedback from employees and managers on the performance management process, SSE created Performance Edge - an evolved approach to guiding and managing performance.

Cumulative total investment in Performance Edge to date

£1.9m
(2022/23: £0.8m)

Performance Edge is designed to equip employees to focus on the delivery of SSE's strategic priorities through agile conversations and continuous learning, feedback, and coaching.

There are five key elements to Performance Edge:

- **Setting agile objectives** which can adapt throughout the year in response to evolving business priorities and the dynamic external environment in which SSE operates.
- **Prioritising learning** by giving

employees time to focus on personal development and long-term career aspirations.

- **Taking an objective, evidence-based approach** to evaluating performance.
- Encouraging **regular, structured feedback**.
- Creating a culture where **peer-to-peer coaching** is the norm.

To support the introduction of Performance Edge, training has been delivered to over 2,300 managers, designed to equip leaders with the skills required to have meaningful career and development conversations with their teams, as well as enhancing feedback and coaching capability. After receiving training, 91% of respondents felt confident or very confident to apply the new Performance Edge methods in their role. Following the successful roll out of Performance Edge from late 2023 to early 2024, SSE will now focus on embedding behaviours and measuring the effectiveness of the new approach and the impact it has made on its business performance and culture.



Advancing SSE's talent pipeline

Developing early careers pipeline programmes

SSE's early careers pipeline programmes act as an important channel to attract future talent into its workforce. In 2023/24, the number of people on one of SSE's pipeline programmes increased by 36% compared to the previous year, with total investment across all pipelines also increasing significantly over the period to £19.5m, from £12.8m in 2022/23.

Apprentices and trainee engineers

Apprenticeship schemes have formed an important part of SSE's approach to recruitment for over seven decades, and they continue to offer an important way to provide employees with the opportunity to develop skills in various technical and business roles. Across the UK and Ireland SSE currently offers apprenticeships in areas such as Power Distribution, Electrical and Mechanical Engineering, Data Science, Procurement, Finance, Laboratory Technician roles, and Electrical Power Network Engineering. Several new programmes were launched during 2023/24, including Building Energy Management Systems, Arborist, Electronic Support Engineer, Chartered Surveyor and Solicitor Apprenticeships.

Additionally, SSE's trainee engineering programme offers participants the opportunity to engage in work-based learning while pursuing Higher National Certificate (HNC) or Higher National Diploma (HND) qualifications in Electrical Engineering and Energy and Environmental Engineering. This programme incorporates structured work placements, allowing trainees to directly apply their academic learning in real-world settings, gaining practical, hands-on experience.

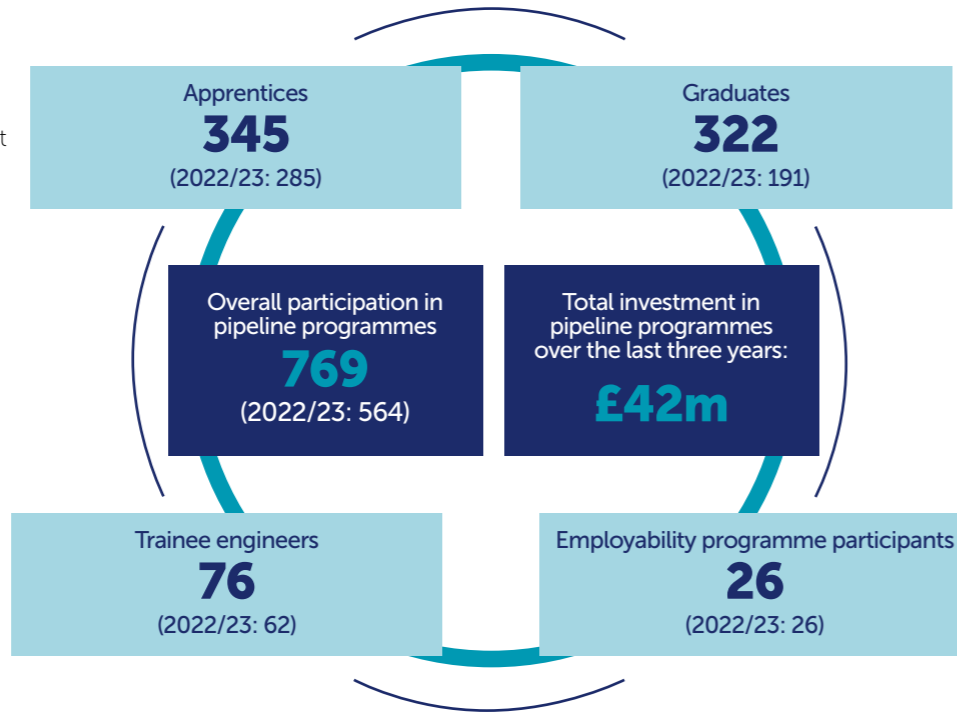
A strategic refresh of SSE's graduate programme

To meet the demands of its growing businesses, SSE's graduate programme has seen a significant rise in intake numbers, growing almost fourfold since 2020/21. SSE also significantly increased investment in the programme between 2022/23 and 2023/24.

Investment in graduate programme

£11.2m
(2022/23: £6.1m)

SSE pipeline programmes in numbers 2023/24



In response to this growth, a strategic refresh of the programme took place in 2023/24 and a revised framework was introduced to ensure that the programme remains scalable and fit-for-purpose. The strategic framework now includes two pathways which graduates follow: a specialist or generalist pathway.

The specialist pathway allows for a flexible approach to programme duration to suit both the business and the candidate. The programme can last between one and three years, giving candidates depth of experience in their specialism within a single business area.

The generalist pathway is a two-year programme focused more on breadth of experience across multiple business units and departments.

The introduction of the two pathways ensures that graduates are gaining the appropriate and sought after skills to succeed in their substantive posts and enables SSE to shape its talent pipeline based on the critical skills identified in its Strategic Workforce Plan.

SSE's graduates also all take part in a sustainability project in their first year, which forms a core element of the graduate programme. It not only embeds

sustainability and innovation as key priorities from the earliest stages of a career at SSE, but also provides leaders with impactful projects and insightful ideas, many of which are developed into working tools which support the journey to net zero.

Employability programmes

SSE's employability programmes provide a pathway to employment for talent from communities and social demographics who may not otherwise apply, or have the opportunity, to work in the energy sector. The programmes are designed to encourage social mobility and are structured in such a way as to be accessible to a diverse range of candidates.

SSE has well-established employability programmes run in partnership with external organisations like Career Ready, a UK social mobility charity which offers paid work experience placements and mentoring sessions to students in their final two years of school. In 2023, SSE offered 21 four-week internships through Career Ready to young people across Glasgow, Perth, Aberdeen and Elgin.

In 2023, SSE formed a new partnership with Enable, which supports young people and adults with a disability or long-term health condition into valued and fulfilling work roles throughout Scotland. Through

this partnership, SSE has offered two six-month employability placements in its Corporate Finance team in Eurocentral, near Glasgow. SSE ran a virtual session for the Enable team and their clients to promote SSE apprenticeships during Scottish Apprenticeship week and has hosted a workplace visit in Glasgow for their clients.

As a further new initiative for 2023/24, SSE joined Movement to Work, a leading group of employers and youth outreach and training partners working together to tackle youth unemployment. Movement to Work helps employers deliver high-quality employability opportunities for young people aged 16-30 facing barriers to work.



Partnering in action

Supporting the Armed Forces community

SSE has been a signatory to the Armed Forces Covenant since 2019, which supports veterans, reservists and members of military families find new careers. In 2023, SSE further deepened its support for the Armed Forces community when SSE Enterprise worked with the Career Transition Partnership (CTP) to launch the first Armed Forces Conversion Scheme.

Eight roles were identified as having a suitable transferable skills match for ex-armed forces candidates. SSE ran a recruitment event with CTP where ex-military candidates were invited to learn more about SSE and the types of

roles it could offer. Candidates were then given the opportunity to apply for vacancies over a six-week period. The interview process was informal and focused on broad competencies which candidates could evidence from previous experience and skills gained in different settings.

The first group of successful candidates began a 12-month conversion learning programme in February 2023. With the programme finishing in early 2024, and following positive feedback from candidates, SSE is now exploring the option of extending the programme to the rest of the Group over 2024/25.



Shaping the future workforce

Supporting a strategic national approach to energy skills development

While SSE invests in its direct workforce to ensure it has the skills to deliver net zero, there is also an important role for governments to play in the development of a skilled workforce that is ready to benefit from the career opportunities in energy.

SSE supports policy interventions that foster the development of core technical skills, support people with high-carbon skills transition to low-carbon skills and facilitate employer partnerships with educational institutions to develop specialist skills. SSE advocates for investment in the science, technology, engineering and maths (STEM) curriculum to attract young people into the industry and encourages innovation around inclusion and social mobility to make jobs in the energy sector accessible to all.

For more information about SSE's advocacy around national energy skills development, see the 2023 From Ambition to Action Report at [sse.com](https://www.sse.com).

Engaging the next generation in STEM

Engaging with young people at an early age can influence their subject choices and future career ambitions and provides a valuable opportunity to build a pipeline of diverse talent which will help to address future skills gaps. SSE undertakes education outreach and youth engagement to promote STEM as a career choice for the next generations entering the workforce.

STEM events attended by SSE volunteers in 2023/24:

34

Early careers events

97

Education events

39

Direct education outreach activities

Supporting teachers in STEM

SSE recognises the importance of ensuring pupils have access to an outstanding STEM education, particularly for those



Partnering in action

Collaborating for targeted skills development

High Voltage Direct Current (HVDC) remains a key enabler of net zero for new electricity transmission links, for offshore wind farm connections and for interconnectors. SSE has been collaborating with the National Skills Academy for Power (NSAP) and representatives from Scottish Power Energy Networks, National Grid Transmission and Hitachi in workshops to agree a framework of competencies for common roles.

This has resulted in the development of

an Introduction to HVDC course suited to a range of employees new to HVDC, including those cross-skilling from other engineering roles and project management, with an agreement to share a view of resources currently in place across the organisations.

In 2023, the group took part in a meeting at the Dogger Bank HVDC converter station near Hull, hosted by Hitachi, which resulted in the establishment of shared commitments from the employers involved.

from under-represented or disadvantaged communities. Through its charitable donations to Teach First in 2023/24, SSE supported the recruitment of 12 STEM teachers, benefitting around 1,500 pupils as a result.

More information on SSE's STEM and early careers activities can be found in SSE's Inclusion and Diversity Report 2024.

Embracing the digital energy system of the future

Advancements in technology are shaping the future workforce and the energy sector as whole. Over the course of 2023/24, SSE took stock of digital maturity across its businesses and has developed a Digital Skills Framework to ensure that all employees

have the right knowledge and skills to use digital technology effectively in their roles. The Framework is based upon five self-led learning modules, each covering a key area of digital proficiency. Employees are invited to complete a self-assessment to help them identify areas where they would benefit from further development and are directed to targeted learning resources.

SSE is also building internal capability in developing technologies such as Cloud and Cyber Security. The job market is highly competitive in these areas and SSE is focusing resources on ensuring competitive reward packages and developing creative digital marketing campaigns to assist with attraction and retention.

Inclusion and diversity

To ensure SSE has the creativity and innovation it needs to deliver net zero, its focus is on improving diversity across all levels of the organisation, using data to better understand its existing workforce and to inform its strategy.

A focus on continuous improvement and increased disclosure

SSE's Inclusion and Diversity Strategy is focused on four areas: Ambition; Education and Development; Inclusive Processes; and Employee Voice. While continuing to embed its policies, procedures, and initiatives across its business that support this strategy, a focus for SSE over 2023/24 was improving disclosures. This included a concerted effort to support improved employee disclosure rates of diversity data, which in turn has helped to drive increased transparency in reporting for the Company.

Increasing voluntary diversity disclosure rates

Over 2023/24, SSE has worked to increase the proportion of employees disclosing diversity data, through a range of initiatives such as communication campaigns and by providing a wider variety of options for disclosing information. As a result of this effort, employee diversity data disclosure



SSE's 2024 Inclusion and Diversity Report 2024

SSE has published its third dedicated Inclusion and Diversity Report. The report provides comprehensive information on SSE's Inclusion and Diversity Strategy, progress made, key performance indicators (KPIs), and additional detail on all activity mentioned within this section. This report represents SSE's performance over the period 1 April 2023 to 31 March 2024 and can be found on [sse.com/sustainability](https://www.sse.com/sustainability).

rate increased to 65%, from 39% in 2022/23. This increased disclosure has enabled SSE to better understand how its workforce is representing the communities in which it operates, identify how to tailor initiatives to better support its people, and enabled it to disclose its ethnicity pay gap data for the first time in 2024 (see page 85).

A new senior leadership ethnicity ambition

SSE first set gender ambitions for its senior

leadership in 2021 in alignment with the FTSE Women Leaders Review. During 2023/24, to encourage improved diversity in its senior leadership population, SSE established a new ambition to achieve 6% ethnic minority representation within its Group Executive and direct reports by 2027. This ambition aligns with Parker Review recommendations and accounts for existing base lines within SSE and its industry and operating geographies.



At 31 March 2024, the representation of ethnic minorities in the GEC and direct reports has increased to 2.5% (based on an 88% disclosure rate) from 1.2% (based on an 80% disclosure rate) in December 2023, when the ambition was set.

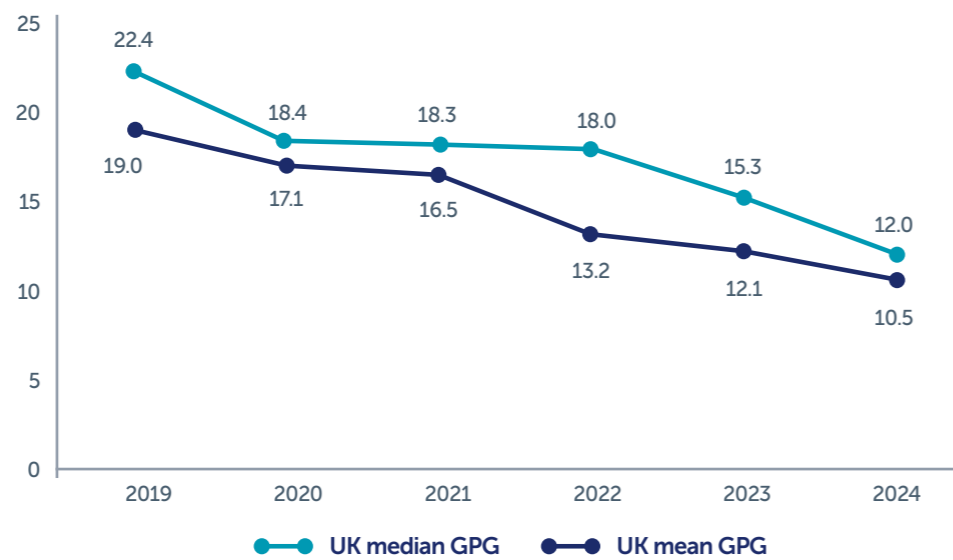
SSE's UK Gender Pay Gap progress

SSE has made concerted efforts over the years to improve gender representation and ensure that women have every opportunity to progress within the Company. SSE is heartened that these efforts have been reflected in its UK gender pay gap, the median for which has reduced by 10.4 percentage points since 2019. SSE's performance between 2023 and 2024 represents the largest proportional reduction it has achieved to date. SSE recognises, however, that there is still much work to be done to close the gap further.

For more disclosure, analysis, and information on SSE's UK gender pay gap, and its dedicated gender action plan and workforce gender ambitions, see its Inclusion and Diversity Report 2024. The report also details performance for the 10 individual legal entities in the UK for which SSE also discloses data.



Figure 8: SSE's UK Gender Pay Gap 2019-2024



SSE has been measuring its gender pay gap since 2016. The above graph shows its gender pay gap from 2019, which is the earliest data SSE has which excludes SSE Energy Services which was sold to OVO Energy Ltd in January 2020. This sale resulted in a significant change in composition of SSE's workforce.

SSE's 2024 progress

UK gender pay gap

Median

12.0%

(2023: 15.3%)

Mean

10.5%

(2023: 12.1%)

UK bonus gender pay gap

Median

16.6%

(2023: 14.7%)

Mean

44.4%

(2023: 44.3%)

At 5 April 2024, the SSE Group improved its UK mean and median gender pay gap with a median pay gap of 12.0% (2023: 15.3%) and a mean gender pay gap of 10.5% (2023: 12.1%). This performance represents the lowest mean and median gap since SSE began reporting in 2016.

SSE's bonus scheme applies to a proportion of employees and varies annually subject to company, business, and personal performance. These figures include SSE's employee incentive scheme, Spotlight, introduced in 2023 (see page 76). This shows an increase in the median bonus pay gap from 14.7% in 2023 to 16.6% in 2024, and a slight increase to the mean bonus pay gap from 44.3% in 2023 to 44.4% in 2024.

Championing senior women

In November 2023, SSE's Chief Executive was announced as the 2024 Chair of the POWERful Women's Energy Leaders Coalition committing to visible allyship and ensuring senior leader accountability for inclusion and diversity. The Coalition comprises of 16 CEOs from the UK's leading energy companies, making a public declaration to improve gender diversity in their companies and the industry. Through the membership with POWERful Women, SSE benefits from access to expert thinkers, a network to share and learn best practice, and access to senior women role models across the industry. In addition, employees across the sector have access to Women in Energy webinars which cover a range of relatable topics such as career moves, importance of flexibility as well as individual stories.



Voluntarily disclosing SSE's ethnicity pay gap

With increased employee diversity disclosure rates, SSE has been able to publicly and voluntarily disclose its UK ethnicity pay gap data for the first time in 2024, whilst maintaining anonymity for its workers and providing meaningful insight. SSE's UK ethnicity pay gap has been calculated in line with the UK Governments ethnicity pay gap methodology. The results of this first analysis show that SSE has an even distribution of ethnic minority colleagues across the pay quartiles ranging from 8.3% ethnic minority representation within the lower-middle quartile, to 12.7% in the upper-middle quartile. Over 2023/24, the percentage of hires from ethnic minority groups was 16%, up from 13% in 2022/23.

SSE is encouraged to see that the mean ethnicity pay gap is low and that the median ethnicity gap performance is negative, in favour of colleagues from ethnic minorities. However, SSE is acutely aware that this is based on a small population in SSE's workforce, and it will undertake work in the coming years to understand the drivers



Partnering in action

Sponsoring diversity in Ireland

SSE Airtricity is a proud sponsor of both the SSE Airtricity League and LGBT Ireland. In advance of Pride month in May 2023, SSE Airtricity brought these two partnerships together to promote awareness of the National LGBT Helpline in a targeted campaign, within the clubs, fans and the community. The campaign was launched by League of Ireland players Roberto Lopes and Keeva Keenan and attracted strong media interest across TV, radio, online, and print and put a spotlight on the essential services of the LGBT National Helpline during dedicated LGBT football takeover weekends. As a result, LGBT Ireland experienced tangible impacts,

including a 12% increase in new website users, a 51% surge in chat service usage, and a 21% rise in email requests for Q2 & Q3 compared to previous quarters, showcasing the real-world value of this collaboration. Due to the success of this initiative, it was re-run in May 2024.

SSE is also a signatory to the Elevate Pledge, an initiative run through Business in the Community Ireland to build more inclusive workplaces (see page 13). For more information on SSE Group sponsorship of diversity initiatives see the Inclusion and Diversity Report 2024.

behind this performance and how SSE can target initiatives to better improve diversity in its workforce. SSE's UK ethnicity mean and median bonus pay gap follows a similar trend to its UK gender bonus pay gap.

Disclosure is a key first step to gaining insights that can help SSE establish action and initiatives to improve the ethnicity pay gap, and it will aim to continue increasing its diversity disclosure rate to allow for further analysis.

Protecting and restoring the natural environment

Nature must play an ever-more important role in both the mitigation and adaptation of climate change. SSE carefully manages the interactions it has with the environment and, with its biodiversity net gain commitment, it seeks to leave habitats in a better state than it found them.

SSE's Environment Strategy

Environmental management and governance

Providing a framework for the careful risk management of environmental impacts

Responsible consumption and production

Working towards more sustainable patterns of resource consumption; reducing reliance on non-renewable and single use products



Natural environment

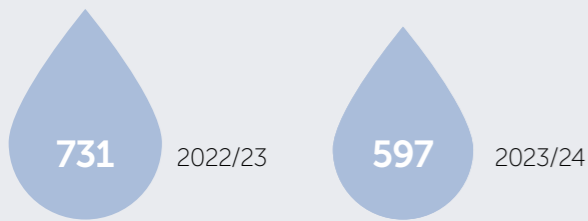
Supporting the conservation, restoration and sustainable use of land and water resources



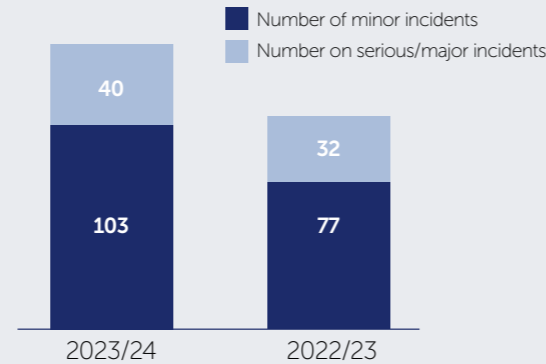
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Performance summary

Total water abstracted (exc. hydro generation) (million m³)



Environmental incidents



Category	Description	Unit	2023/24	2022/23	2021/22	
Water use	Total water abstracted	Million m ³	23,135 ^(A)	23,354 ^(B)	23,896 ^(C)	
	Total water abstracted (exc. hydro generation)	Million m ³	597	731	779	
	Freshwater abstracted (rivers and groundwater) (exc. hydro generation)	Million m ³	4.5	2.2	1.9	
	Total water returned	Million m ³	23,133 ^(A)	23,353 ^(B)	23,895 ^(C)	
	Total water consumed	Million m ³	2.4 ^(A)	1.4 ^(B)	0.8 ^(C)	
Environmental Management	Relevant SSE operations covered by ISO14001 by reported revenue ⁽¹⁾		100	100	61	
	Number of major incidents ⁽²⁾		0	1	0	
	Number of serious incidents ⁽²⁾		40	31	24	
	Number of minor incidents ⁽²⁾		103	77	60	
	Environmental prosecutions and civil penalties ⁽²⁾		0	0	0	
Solid operational waste ⁽⁵⁾	Total solid operational waste ⁽⁵⁾	Tonnes	6117	5,713 ⁽⁴⁾	4,982 ⁽⁴⁾	
	Of which hazardous waste	Tonnes	255	198 ⁽⁴⁾	159 ⁽⁴⁾	
	Breakdown of solid operational waste ⁽⁵⁾					
	Sent to landfill	Tonnes	198	275 ⁽⁴⁾	596 ⁽⁴⁾	
	Processed as energy from waste	Tonnes	1,710	1,506 ⁽⁴⁾	1,140 ⁽⁴⁾	
	Sent for recycling / re-use	Tonnes	4,000	3,637 ⁽⁴⁾	2,999 ⁽⁴⁾	
	Composted/sent to anaerobic digestion	Tonnes	102	176 ⁽⁴⁾	46 ⁽⁴⁾	
Treated	Tonnes	107	119 ⁽⁴⁾	200 ⁽⁴⁾		
Other waste ⁽⁵⁾	Ash & gypsum waste disposed	Tonnes	9,991	7,790	7,690	
Air Emissions	Sulphur dioxide (SO ₂) – thermal generation	Tonnes	440	1,336	3,021	
	Nitrogen oxides (NO _x) – thermal generation	Tonnes	3,646	3,870	4,573	

^(A) This data has been extracted from the SSE plc Annual Report 2024 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report and SSE's GHG and Environmental Reporting Criteria 2024 on [sse.com/sustainability](https://www.sse.com/sustainability)

^(B) This data was previously reported in the SSE plc Sustainability Report 2023 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report and SSE's GHG and Water Reporting Criteria 2023 on [sse.com/sustainability](https://www.sse.com/sustainability)

^(C) This data was previously reported in the SSE plc Sustainability Report 2022 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP (PwC). For the results of that assurance, see PwC's assurance report on pages 104 and 105 of the SSE plc Sustainability Report 2022 and SSE's GHG and Water Reporting Criteria 2021/22 on [sse.com/sustainability](https://www.sse.com/sustainability)

⁽¹⁾ The percentage of SSE's relevant business units that interact with the environment that are certified to ISO14001, by reported revenue. The relevant business units are: SSEN Transmission, SSEN Distribution, SSE Renewables, SSE Thermal (generation and gas storage) and SSE Enterprise. SSE Energy Customer Solutions, and SSE Corporates' Facilities Management are also certified to ISO14001. See note 5.1 of Annual Reports in each financial year.

⁽²⁾ 2021/22 excludes SSE Contracting following the sale of this business in June 2021.

⁽³⁾ SSE's solid operational waste excludes: (1) waste arising from SGN activities at its two main logistic locations in the UK, as SSE no longer has any ownership in SGN. (2) Waste arising from capital projects and minor work contracts (such as earth works and project waste streams) on SSE sites. (3) Specialist waste outputs from SSE power stations including ash, slag, sludge, specialist chemicals as well as tankered liquid waste such as oils and contaminated water.

⁽⁴⁾ SSE's solid operational waste data for 2021/22 and 2022/23 has been restated due to improvements in SSE's data management. In previous years SSE reported the % breakdown of solid operational waste, now shown in Tonnes. Tonnes and % split are available for download in the Sustainability Data Tables available at [sse.com/sustainability](https://www.sse.com/sustainability).

⁽⁵⁾ Reporting ash & gypsum waste is required by the environmental regulator in relevant jurisdictions.

A strategic approach to environmental protection

SSE's environment strategy provides a framework for SSE to manage and mitigate impacts to land, air, freshwater and marine ecosystems, using resources efficiently while embracing the principles of a circular economy.

SSE's environment strategy

While greenhouse gas emissions are undoubtedly SSE's most material impact, it also has wider impacts on the natural world that it must carefully manage. SSE's environment strategy gives focus to these wider environmental impacts, structured around three pillars – environmental management and governance; responsible consumption and production; and, the natural environment – inspired, in part, by the UN Sustainable Development Goals (SDGs). See page 87.

The strategy provides a framework to engage internal and external stakeholders while holding SSE accountable for performance. SSE has set Group-wide environment goals, targets and indicators to measure success. As the operations and geographical locations of SSE's Business Units are varied in nature, the Group strategy provides a robust framework for them to develop their own tailored approaches to managing their environmental impacts.

Effective environmental governance and management

SSE's environment strategy is governed at both the Executive and Board level. The Safety, Health and Environment Committee (SHEC) advise and the Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC) and have oversight of matters relating to the environment.

To ensure effective environmental management, SSE operates an environmental management system (EMS) certified to ISO14001, including controls, processes and procedures, across all its business activities that interact with the environment. All of SSE's businesses are

now certified to ISO14001. SSE's ISO14001 certificates are available at [sse.com/sustainability](https://www.sse.com/sustainability).

In 2023/24, SSE completed the 2023 submission for the Energy Savings Opportunity Scheme (ESOS) mandatory energy assessment scheme for large UK organisations requiring an audit of the energy used in SSE's buildings, industrial processes and transport to identify cost effective energy saving measures. Detailed energy audits were conducted at SSE's thermal assets, Keadby and Peterhead, and SSE's property team has identified numerous energy saving opportunities at key offices.

Environmental performance and targets

Monitoring environmental performance

There was a notable increase in the total number of environmental incidents in 2023/24, from 109 to 143, compared to the previous year. There were no major incidents, and the vast majority of incidents are minor, with an increased awareness of environmental issues helping to drive reporting, focus and action. The number of environmental permit breaches as a result of SSE's activities totaled 19, compared to 9 incidents the previous year, all self-reported and dealt with quickly when identified. The increase in incidents reflects the increase in project and contractor activity, alongside improved incident reporting and a focus on maintaining SSE's governance processes to analyse reported incidents data.

In response to the increase in incidents, and endorsed by the SSHEAC, SSE conducted a 'deep dive' exercise across all Business Units, focusing on the key serious incident areas which included SF₆ leaks, oil related leaks, fluid filled

cable leaks, and silt releases. The exercise identified opportunities to improve process and performance, reporting and collaboration which will be implemented over the coming year, including strengthening the environmental specification for contract partners, enhancing incident investigations and reviewing product specification to assess opportunities to swap to better environmental alternatives.

Environmental awareness and training

Over 2023/24, SSE updated its Environmental Awareness training, which, after a successful roll out last year to new recruits, has expanded to over 2,200 completions. All relevant employees are provided training in environmental management. Determination of which employees are relevant is undertaken on a local level basis and training is relevant to the nature of the business they are involved with.

SSE is a corporate partner of the Institute of Environmental Management and Assessment (IEMA) supporting the professional development of relevant employees and promoting collaboration on environmental matters. SSE is now also an accredited training centre and is working with IEMA to develop a one-day accredited course that will be piloted over 2024/25, and will provide enhanced training to employees to complement SSE's Environmental Awareness training.



Looking after the natural world

Understanding SSE's nature-related impacts and dependencies is the stepping stone to taking meaningful action to manage these impacts and enhance environmental outcomes where possible.

SSE's nature-related targets

SSE targets 'no net loss' in biodiversity on onshore Large Capital Projects consented from 2023 and 'net gain' in biodiversity on those consented from 2025 onwards.

In 2023/24, SSE assessed that 33 of its onshore large capital projects consented from 1 April 2023 fell into the scope of this target. It has been assessed that all of these projects will meet or exceed the target, with two having no net loss measures and 31 having biodiversity net gain measures included in the project design. Data is reported against projects in scope in the monthly SHE report.

In early 2024, SSE set a new commitment for woodland conservation, that all onshore large capital projects consented from 1 April 2024 onwards will achieve no net loss of native woodland.

SSE has enhanced nature-related disclosures in its Sustainability Report and as such it no longer publishes a standalone Biodiversity Report. Previous SSE Biodiversity Reports are available on [sse.com/sustainability](https://www.sse.com/sustainability) for reference.



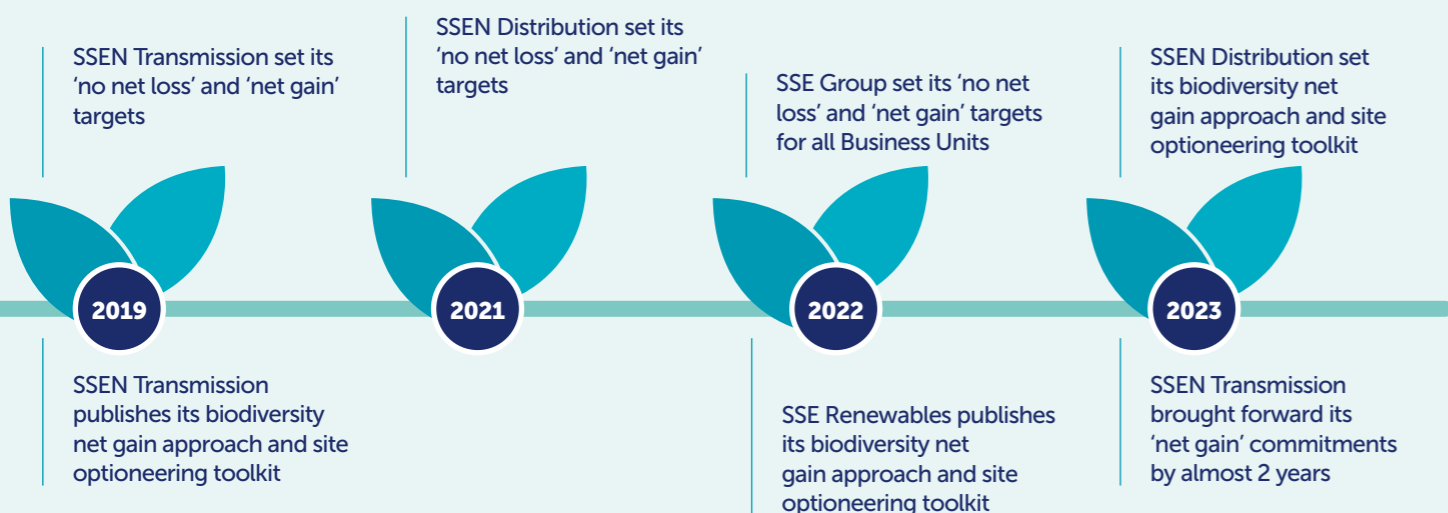
'no net loss' in biodiversity
on those consented from 2023 onwards



'net gain' in biodiversity
on those consented from 2025 onwards



SSE's biodiversity net gain journey



5 years of biodiversity net gain with SSEN Transmission

In working to address the twin challenges of climate change and the nature crisis, SSEN Transmission has been developing its approach to biodiversity net gain since 2019. Its stakeholder-led approach is aimed at ensuring that its assets leave a positive, lasting legacy, that enhances biodiversity in Scotland's most precious habitats.

With £20bn of planned investment to 2030 in the electricity transmission network in the north of Scotland, SSEN Transmission's environmental commitments are key in ensuring this critical national infrastructure is delivered in a responsible way that protects and restores the environment it operates within.

An early adopter of biodiversity net gain

SSEN Transmission was an early adopter of biodiversity net gain (BNG), announcing in 2019 its commitment to deliver 'no net loss' on projects consented from 2020, and 'net gain' on projects consented from 2025. The same year, it published its approach to implementing BNG, including a first-of-its-kind biodiversity site optioneering toolkit.

Over the past five years SSEN Transmission's thought leadership in this area has seen it working in collaboration with industry and the public sector in Scotland to develop a new, innovative approach that embeds biodiversity considerations into every stage of the project lifecycle. Its experience and learnings in this area have also been instrumental in informing SSE's other Business Units in developing their own approach to BNG, appropriate to their own business contexts.

SSEN Transmission's approach to BNG has also been recognised externally as a best practice example, having won a number of industry awards over the years, including a Scottish Green Energy award and IEMA sustainability award.

In May 2023, SSEN Transmission brought forward its commitment to BNG on all eligible new infrastructure projects by



Richard Baldwin
Head of Consents and Environment,
SSEN Transmission

Over the last five years, we've learnt a lot on our journey to implementing biodiversity enhancements, and we're proud that this year we have brought forward our commitment to deliver 'net gain' by almost two years. This approach is not only the right thing to do to protect and enhance these precious habitats, but is an absolute necessity as we accelerate the delivery of critical transmission infrastructure to deliver net zero."

almost two years, to 2023 following confidence that their approach to BNG was being demonstrated successfully within projects. This is already delivering improved outcomes for biodiversity on 13 projects this year and many more in the years to come.

Financing for nature

In May 2023, SSEN Transmission signed its first ever sustainability-linked Revolving Credit Facility. One of the key performance indicators, which will be assessed as part of the loan facility is delivering BNG across SSEN Transmission's major terrestrial projects, demonstrating the recognition by both SSEN Transmission and its investors, of the importance of nature in the transition to net zero. See page 37 for more information.

Increasing ambition

SSEN Transmission's biodiversity net gain and wider approach to nature continues to evolve as best practice emerges and new knowledge is developed. Recent enhancements include:

- Updating its BNG commitment from delivering a minimum 5% net gain to 10% net gain in line with recent statutory requirements¹ in England and in anticipation of expected future requirements in Scotland. SSEN Transmission does not see these requirements as a ceiling to achieve, but rather a floor from which to build on and strives to go beyond this where practical and feasible.
- Developing an Irreplaceable Habitats policy, focusing on ancient woodland, veteran trees and peatland, in consultation with stakeholders. As SSEN Transmission began embedding its toolkit, it

recognised that "Irreplaceable Habitats" were not sufficiently built into the DEFRA Biodiversity Metric. This new policy put stringent processes in place to prioritise the avoidance of impacting on these habitats and where they are unavoidable, commits to restore more than is lost.

- Committing to no-net-loss of woodland cover on all new infrastructure projects.

Progressing against biodiversity net gain commitments

In SSEN Transmission's consented projects in 2023/24, 13 projects were in scope for its BNG commitment, all of which had BNG measures designed in, and one project was consented with no net loss designed in. Through a combination of on-site and off-site biodiversity enhancements, of the projects in scope and consented in 2023/24, SSEN Transmission has designed in more than 20%² BNG, which is twice the upgraded minimum commitment of 10%. For more information, see SSEN Transmission's Sustainability Report 2024 which will be available at [ssen-transmission.co.uk](https://www.ssen-transmission.co.uk) later in 2024.

Stakeholder engagement at the core

BNG is not something that can be fully delivered in isolation, and collaboration with stakeholders is essential. Through careful selection of partnerships, with established and reputable organisations, SSEN Transmission is focused on delivering proven and appropriate projects that contribute to wider environmental and societal benefits creating a lasting legacy for communities, nature and society.

¹ Many equivalent Transmission projects in England would fall under the NSIP regime which currently has an implementation deadline of November 2025.

² Through the combination of on-site and off-site biodiversity enhancement design, SSEN Transmission have designed in 854.6 area habitat Biodiversity Units, which exceeds the baseline of all eligible consents by 144.8 Biodiversity Units, so delivers more than 20% above the total biodiversity baseline.

Partnering in action

In partnership with the Orkney Skate Trust

In addition to commitments to improve onshore biodiversity, SSEN Transmission is also committed to ensuring positive marine biodiversity outcomes while delivering subsea cables offshore that connect Scotland's remote islands to the GB grid and progress vital reinforcements for ScotWind projects. An early initiative in delivering habitat restoration in the marine environment, provided funding support to the

Orkney Skate Trust in 2022, initially towards research and a seabed survey for route section for the proposed Orkney transmission connection. Since then, a five-year funding partnership programme has been established. The information gathered from this partnership will give SSEN Transmission a much deeper understanding of the marine environment, and the ways in which the unique wildlife that exists there can be protected and enhanced.



Innovation in action

Managing bird life interactions through research and innovation

Contributing to seabird knowledge and research

Monitoring the impacts of operational assets on nature is vital to improve mitigation measures and address evidence gaps. Aerial bird survey data collected at Beatrice Offshore Windfarm Ltd.¹ between 2019 and 2024 has, for example, shown no evidence of seabird avoidance of turbines within the windfarm. Species such as guillemot, razorbill and puffin were shown either to be unaffected by the presence of turbines or in some instances, showed slight attraction. Research outputs such as this are vital to improve the assessment methodologies for future offshore wind projects however, it

is important to ensure the analysis is credible and transparent. Because of this, the results were submitted for publication in a peer-reviewed scientific publication, Frontiers in Marine Science, enabling independent validation of the results and methodologies used.

Innovative ways to reducing bird-life impact

Where risks are known, there are opportunities for innovation too. In SSEN Transmission, bird flight diverters (BFD) are installed on overhead lines to increase visibility and reduce collision risk in sensitive areas, identified through detailed bird surveys and risk assessments

in project development. Traditional install methods such as hot stick or mobile elevated working platforms (MEWP) come with safety risks, time constraints, and outage requirements, that can be exacerbated on challenging terrain. SSEN Transmission intends to pilot the innovative "Halk Eye" BFD in collaboration with Fulcrum Air and Power Line Sentry on the installation of BFDs on the Skye Reinforcement Overhead Line, which, if approved, is expected to go into construction in 2025. The future integration of drone and robot technology addresses the need for safer, faster, and more cost-effective methods of installing BFDs on SSEN Transmission's network.

¹ Beatrice Offshore Windfarm Ltd. is a joint venture partnership between SSE Renewables (40% share), Red Rock Power Limited (25% share), TRIG (17.5% share) and equitix (17.5% share).

Dilemma

Developing and operating in sensitive locations

SSE activities are in places that are home to a variety of valuable ecosystems and habitats. Through its net gain commitments on large capital projects consented from 2025, SSE strives to leave habitats in a better condition than it found them. There are well established policies and procedures in place designed to ensure that environmental impacts are considered throughout SSE's business activities and are carefully managed.

Development in sensitive locations is often necessary to secure energy supplies for a net zero world. This work is challenging and each location brings a unique set of circumstances to

carefully manage, often under the guise of a professional ecologist. While every effort is made to carefully manage any risks or impacts to the environment, invariably situations arise, that need to be addressed to safely remedy any incidents. For example, in May 2024 a peat slide next to a construction site in Shetland, known as a 'geotechnical incident', was reported by SSEN Transmission. All site teams were safe and there were no injuries, however as a safety precaution all site work was temporarily stood down and the area secured until it was fully assessed and made safe. Initial investigations indicated that excavated materials being stored on a section of temporary access track

slid down the slope resulting in the displacement of some surface level peat. A full assessment of the impacted area is ongoing, with work underway to prepare a safe method to restore and reinstate the surface level peat impacts, working closely with statutory stakeholders and environmental specialists.

As SSE is building up valuable experience working in sensitive habitats through projects in each Business Unit, there is an opportunity to share learning at a Group level to continuously improve practices and minimise the risk of similar incidents occurring in the future.

Nature as the next reporting frontier

As nature related international frameworks and corporate reporting standards begin to converge following the adoption of the Kunming-Montreal Global Biodiversity Framework, over 2023/24, SSE took initial steps towards aligning nature-related disclosures to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. TNFD is a voluntary risk management and disclosure framework for organisations to report and act on nature-related risks and opportunities that is aligned to the ESRS, ISSB, and the upcoming GRI Biodiversity standard.

First steps towards TNFD

In early 2024, SSE worked with third-party specialists to prepare for SSE's nature-related disclosures by applying the 'Locate' and 'Evaluate' phases of TNFD's Locate, Evaluate, Assess and Prepare (LEAP) approach, to a defined scope. SSE identified 125 direct operational assets across the UK and Ireland, considering the most material business operations, leveraging the 'Exploring Natural Capital Opportunities, Risks and Exposure'

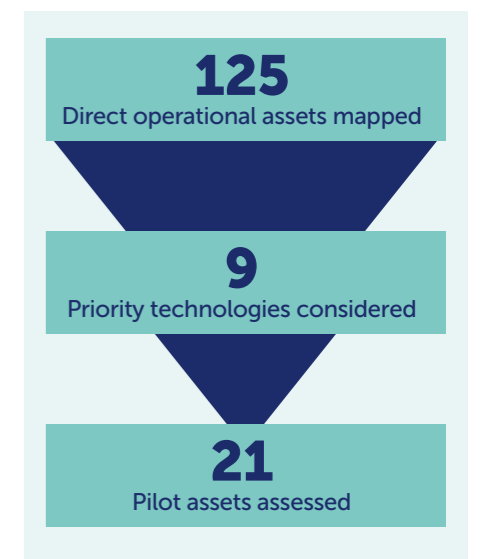
(ENCORE) nature materiality screening tool. This scope covered nine of SSE's priority technologies or asset types and was applied across multiple business units. The Locate phase has identified where and how SSE's direct operations interact with surrounding nature, for example, biodiversity importance, ecosystem delivery and water risk, utilising national datasets. The Evaluate phase analysed the nine technology types, as well as 21 pilot assets to identify SSE's nature-related impacts and dependencies; the most material of which are currently being consolidated at the Group level.

Collaboration and next steps

Collaboration with key internal stakeholders has been crucial to incorporate expert and local knowledge of the assets while applying the framework, ensuring that meaningful insights are being collated. While this work is paving the way for a longer-term approach to identifying SSE's most material nature related risks and opportunities, it is also mapping and consolidating the breadth of existing knowledge in the businesses.

Paired with growing awareness around nature loss by external stakeholders and quickly emerging corporate reporting

frameworks around nature, SSE recognises that the TNFD framework is a useful tool to formalise and efficiently address its impacts and dependencies on nature. Future phases of this work will work towards applying the "Assess" and "Prepare" phases of the LEAP framework as well as exploring potential synergies between SSE's mandatory TCFD disclosure and its voluntary TNFD aligned work.



Responsible consumption and production

Embedding sustainable patterns of resource consumption, underpinned by circular economy principles is a key strategic environmental objective.

Waste management performance

With the objective of increasing transparency and improving disclosure of SSE's waste data, since 2019, SSE has been conducting an ongoing review of segregated waste reporting across its different waste streams. The performance summary table on page 88 outlines SSE's key solid operational waste data, including by end destination and SSE's other waste data, comprising ash and gypsum waste.

In 2023/24, SSE managed 6,117 tonnes of solid operational waste, compared to 5,713 tonnes in 2022/23. Contributing factors included an increase in the volume of metal recycled, which makes up over 47% of SSE's total solid operational waste and comes from activities such as maintenance and replacement of network assets. The

breakdown of solid operational waste shows a reduction in volume sent to landfill, an increase sent to recycling or re-use, as well as increase in volume sent to process as energy, an increase sent to recycling or re-use, as well as increase in volume sent to process as energy.

Over 2023/24, SSE diverted 97% of solid operational waste by tonnage from landfill, recycling 67% and exceeding the targets it set at 95% and 50% respectively. SSE's 2024/25 performance target for solid operational waste is to divert 95% of by tonnage from landfill and recycle 55% by tonnage. SSE will continue to review its target to ensure that it remains stretching.

Embedding circular economy principles

SSE is also working to embed circularity principles into its operations to minimise its environmental impact, enhance operational

efficiency, strengthen resilience to resource shortages and create value for stakeholders.

SSE launched its first Recycling Awards to recognise individuals or teams who have demonstrated excellence in recycling or landfill diversion for their excellent performance and also launched a £5,000 Community Fund to promote recycling and circular economy in its communities.

Over 2023/24, SSE continued to collaborate with stakeholders to create and test solutions for industry-wide challenges and support circular supply chains. This is an example of this is SSE Renewables' work as a pilot partner of the ReWind tool being developed by consultants DNV. An innovative software package that allows owners and operators of wind turbines to profile assets and make informed decisions on life extension and end-of-life solutions.

Partnering in action

Circular economy solutions

SSE recognises that a circular economy is an important enabler of the transition to net zero. While measuring and promoting better recycling and diversion practices, SSE is also engaging with its supply chain on circular economy initiatives.

Targeting e waste

Over 2023/24, SSE has been closely collaborating with its supplier for the provision of IT Services, Computacenter, coordinating 116 IT collections of approximately 9,000 pieces of SSE's IT equipment, weighing over 25 tonnes. Computacenter specialises in managing used technology and e-waste. After auditing, data-wiping and categorising, used assets are redeployed, remarketed or recycled.

Working components are recovered and only non-functional components are processed, to maximise raw material recovery and return to supply chain. Recycling, provided by third-party suppliers, is considered a last resort. Any remaining non-recyclable material is then incinerated to recover energy, with residue sent to landfill as inert soil. Over 2023/24, SSE's work with Computershare resulted in only 0.48% of SSE's IT equipment waste by weight being sent to landfill, as well as other carbon and water savings associated with the circular principals applied.

Circular solutions for minor components in wind assets

Traditionally when minor components of an asset fail, they are either repaired

in-situ or replaced with brand new equivalents. Since 2019, SSE Renewables have been working with remanufacturing and circularity specialists Renewable Parts Ltd to refurbish and remanufacture over 530 failed parts, like gears, pumps, and dampening kits within its onshore wind fleet. In 2023/24, SSE Renewables identified its top 30 critical components, which currently do not have "refurbishment by default" solutions in place and began engagement with its supply chain on the development of new solutions and where possible has ensured that refurbishment is the default procurement option, preventing valuable resources from being landfilled and reducing the embodied carbon associated with operating assets.

Managing water use

SSE recognises that water resources and climate are inextricably linked. Water plays a significant role in SSE's operations, being used primarily as a source for power generation in hydroelectric generators and as a coolant in thermal power stations. SSE has policies and processes in place, and works closely with environmental regulators, to ensure that it uses water in a sustainable way in its operations. None of SSE's thermal or hydro generation assets impact on water stressed areas, as defined by the relevant environmental regulators in the jurisdictions in which they operate.

In 2023/24, total water abstracted by SSE slightly decreased to 23,135 million m³ from 23,354 million m³ the previous year. The vast majority (97%) of water abstracted in 2023/24 was used in SSE's hydro generation operations, and a similar volume of water passed through the hydro plant compared to the previous year. This water is technically recorded as abstracted, but it passes through turbines to generate electricity and is returned to the environment almost immediately, and therefore has minimal environmental impact.

SSE's total water abstracted excluding hydro operations decreased by 18% between 2022/23 and 2023/24, mainly due to a 22% reduction in thermal generation output. While water abstracted reduced, water consumed increased by 71% over the same period. This is due to a higher proportion of generation output from thermal power stations that use cooling towers, which recirculate water. While these power stations are more efficient and abstract less water than plant that uses once through cooling systems, they consume more water due to evaporative losses as part of the cooling process. There was also an increase in freshwater abstracted (rivers and groundwater) (excl. hydro generation) driven by the newly opened Keadby 2 plant that abstracts water from a canal running next to the site.

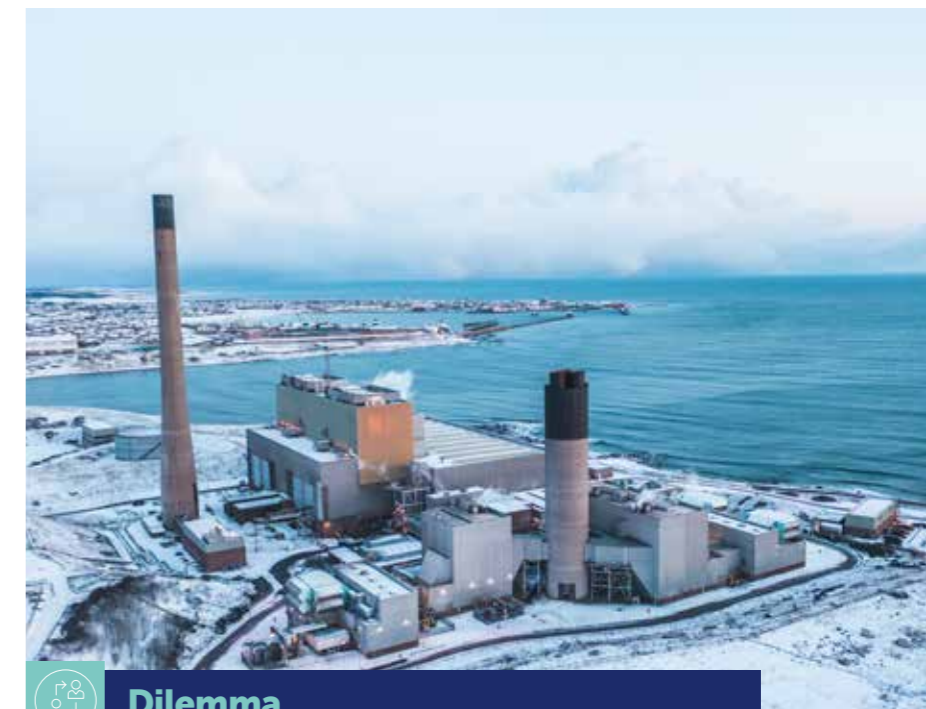
Managing air emissions

In 2023/24, emissions of nitrogen oxides (NOx) and sulphur dioxide (SO₂) both reduced compared to the previous year. This was predominantly due to a reduction in thermal generation output which resulted in a corresponding fall in air

emissions. Tarbert oil-fired power station in Ireland ceased generation before April 2023 contributing to a significant reduction in SO₂ emissions of 67% in 2023/24 compared to 2022/23.

In previous years, SSE has disclosed data for particulate matter (PM10) and mercury emissions from thermal generation plant, above a de-minimum threshold

of 10 tonnes and 1kg respectively. The de-minimum thresholds applied by SSE are based on the UK Pollution Inventory reporting process. In 2023/24, no plant produced emissions above those thresholds, and therefore emissions were considered immaterial in terms of impact. SSE will continue to monitor emissions from its thermal fleet and if thresholds are reached in future, will report accordingly.



Dilemma

Lower-carbon thermal generation and water consumption

Reducing its carbon emissions is the most material impact SSE can make, but there are times when the pathway to net zero has other unintended consequences. As SSE Thermal seeks to decarbonise its generation fleet, some of these low-carbon technologies have an increased impact on resources, such as water use and consumption, compared to some traditional plant.

Future low carbon power station technologies such as post combustion carbon capture, as part of a low carbon power station, or hydrogen production using carbon capture are expected to give rise to higher water usage. Carbon capture technologies in both these scenarios typically increase water use for

cooling and other processes.

Electrolytic production of hydrogen uses water as a feedstock, therefore having an impact on water consumption. More work is needed to understand the water requirements of these technologies and future decision makers must consider them in a whole system context. SSE Thermal is a member of the Joint Environmental Programme (JEP), that supports a programme of research into the environmental impacts of electricity generation, with an increasing focus on the environmental impacts of decarbonisation technology. SSE Thermal chairs the JEP water working group where water resource planning is a key focus.

Governance review

SSE has a well-established framework through which sustainability-related issues are governed, ensuring that social and environmental risks and opportunities are effectively managed.

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Structured sustainability governance

SSE ensures clear lines of accountability for the alignment of strategic objectives with social and environmental value, through a well-established framework governing sustainability within the organisation.

Structured governance pathways

Responsibility for the most material sustainability impacts lies at the highest levels of the organisation with sustainability integrated into the responsibilities of the Board, Chair, Chief Executive, Group Executive Committee and a number of sub-Committees. With the quantity and diversity of ESG issues of interest to stakeholders becoming ever more sophisticated, SSE regularly reviews the effectiveness of the governance arrangements which support its most material sustainability policies, practices and performance.



“All directors have a duty to consider the impacts of their decisions on a company’s stakeholders which is why the robust governance of SSE’s sustainability plans and performance is so important.”

Helen Mahy CBE
Chair, SSHEAC

The Board and its sub-Committees

The Board

At the highest level of the organisation, the Board sets SSE’s vision and purpose. The Group strategy that seeks to fulfil that vision and purpose is also set by the Board and is reviewed across the year through an iterative programme of work. Sustainability is articulated within the description of SSE’s strategy given the close alignment between its long-term strategic objectives and the pursuit of net zero.

Within its supporting plan of work, and on an annual basis, the Board further reviews and approves SSE’s priorities relating to its principal sustainability impacts, of which, climate change is defined as the most material of all. This is in addition to a range of sustainability and climate-related issues which may be brought in response to the agreed sustainability priorities, or internal or external developments.

In setting strategy and ensuring an effective framework for its delivery, the Board considers both the spirit and letter of its duties under Section 172 of the Companies Act, including the long-term consequences of decision-making and promoting the success of the Company for the benefit of all stakeholders. A Board-approved framework for engaging with SSE’s key, defined stakeholder groups, sets expectations surrounding the understanding and incorporation of stakeholder views within business plans and objectives. Re-enforcing the approach to ethical business conduct and culture, the Board also owns SSE’s Group Policy suite which applies to all employees, and during 2023/24, it continued to review and approve specific policy statements on human rights, the environment, climate change and sustainability. While the purpose of these policies is to guide the

behaviours, actions and decisions of SSE employees and their senior leaders, they are available for stakeholders to review on [sse.com/sustainability](https://www.sse.com/sustainability).

The Safety, Sustainability, Health and Environment Advisory Committee

The Board is advised on matters relating to safety, sustainability, health and the environment by the Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC), which continues to be chaired by an independent non-Executive Director. Its membership comprises four non-Executive Directors, the Chair of the Board, the Chief Commercial Officer, the Chief Sustainability Officer and three senior leaders from across the SSE Group. The SSHEAC has oversight of the annual SSE Sustainability Report and across 2022/23, it enhanced its oversight of ESG matters through deep dives on SSE’s external benchmark performance and an ESG gap analysis.

The Remuneration Committee

The Remuneration Committee is also chaired by an independent non-Executive Director of the Board. It prepares SSE’s policy on executive remuneration which remains subject to consideration and approval of shareholders. Through this policy, the approach to performance-based pay assesses Executive Directors’ progress against SSE’s 2030 Goals, which are aligned to the UN’s SDGs.

The Audit Committee

The Audit Committee of the Board has responsibilities relating to the integrity of financial reporting and the effectiveness of risk management, and oversees SSE’s approach to its Task Force on Climate-Related Financial Disclosures (TCFD) report within SSE’s Annual Report.



The Group Executive Committee and its sub-Committees

The Group Executive Committee

SSE’s Group Executive Committee (GEC) is responsible for implementing strategy, as approved by the Board, including Group Policies and the management of risks. The GEC supports identification of SSE’s most material social, environmental, and economic impacts and the delivery of Group sustainability strategy including in relation to climate change. The Chief Executive chairs the GEC and as the Executive Director with responsibility for sustainability, agrees the annual objectives and priorities for the Chief Sustainability Officer.

The Group Risk Committee

The Group Risk Committee is responsible

for managing the processes to assess and monitor the Group’s Principal Risks and provides oversight to identified Business Unit risks. The Human Rights Steering Group, responsible for the production of the annual Human Rights and Modern Slavery Statement, and the action plans that fall underneath, reports to the Group Risk Committee. The Group Risk Committee also has oversight of the internal process to identify and quantify the most material climate-related risks and opportunities, which forms the core of the TCFD report in SSE’s Annual Report.

The Group Safety, Health and Environment Committee

The Group Safety, Health and Environment Committee (SHEC) is responsible for the careful management of safety, health and environment matters across the SSE Group. The SHEC also considers operational sustainability issues, including

climate adaptation and overall ESG performance.

Chief Sustainability Officer

The role of Chief Sustainability Officer (CSO) was established in 2019 and reports directly to the Chief Executive. The role is responsible for advising the Board and its Committees, the GEC and individual Business Units on sustainability issues and strategy. To further integrate sustainability within the governance structures of SSE, the CSO is a member of the Board-level SSHEAC and three of the six Group-level sub-Committees of the GEC: the Group Risk Committee; the Group Safety, Health and Environment Committee; and the Group Large Capital Projects Committee. The CSO is also a non-Executive Director of the SSEN Transmission Board.

Sustainability-linked Executive remuneration

To reinforce SSE's commitment to sustainability and to ensure accountability at the highest level of the organisation, sustainability performance is considered in Executive performance-related pay.

Embedding sustainability in Executive remuneration

SSE's approach to Executive remuneration reflects the role of sustainability and climate-related considerations within SSE's purpose and strategy, with sustainability-linked metrics and targets forming a core element of performance-related pay. The framework of SSE's 2030 Goals has been used since 2019 to assess performance, and the current Directors' Remuneration Policy, approved by shareholders at the 2022 Annual General

Meeting, has links to sustainability for both short-term and long-term performance, as follows:

- The Performance Share Plan assesses performance against the 2030 Goals; and
- The Annual Incentive Plan assesses average performance across three independent external ESG ratings.

Annual Incentive Plan (AIP)

The sustainability measures in the Annual Incentive Plan (AIP) include average percentile performance across three key ESG ratings,

linked to 10% of the AIP award. These measures and the outcomes for 2023/24 are outlined in Table 3, with performance at the median deemed the threshold and performance at the upper quintile, or above, the maximum. Performance across these ESG ratings in 2023/24 was strong, with upper decile ranking achieved across all indices. In addition to the sustainability measures, operational measures based on capital delivery and operational performance are directly linked to the NZAP Plus delivery ensuring a strong focus on sustainability in the AIP.

Table 3: Sustainability measures and outcome for the 2023/24 AIP award

Measure	Factors considered in ESG assessment	Assessment	Weighting	Performance outcome	Outturn
Moody's ESG Assessment (Electric & Gas Utilities – European peer group consisting of 65 companies)	Environment; Human Resources; Human Rights; Community Involvement; Business Behaviour; Corporate Governance.	Score: 71/100; 91st percentile; Upper quintile (Oct 23)			
Sustainalytics ESG Risk Rating (Electric Utilities subindustry – global peer group consisting of c.270 companies)	Carbon – own operations; Emissions, Effluents and Waste; Resource Use; Land Use and Biodiversity; Business Ethics; Corporate Governance; Product Governance; Community Relations; Human Capital; Occupational Health and Safety.	Score: 20.4; 90th percentile; Upper quintile (Aug 23)			
S&P Global CSA (Electric Utilities peer group – global peer group consisting of c.270 companies)	26 different categories which cover all the above and additional issues such as Policy Influence, Information and Cyber Security, Talent Attraction and Retention, Stakeholder Engagement, and Climate Strategy.	Score: 72/100; 91st percentile; Upper quintile (Mar 24)			
Average Ranking: 91st percentile; Upper quintile			10%	100%	10%

Performance Share Plan (PSP)

Progress against SSE's 2030 Goals, which are outlined on page 7, are linked to the Performance Share Plan (PSP), which will vest for the first time in 2025. The measures and targets used to measure performance are outlined in Table 4. These measures are worth 15% of the overall award. In addition, performance will be measured against

'strategic' measures, worth a further 15%, which assess progress towards the successful delivery of SSE's capital investment plan. This means that 30% of the shares awarded under the PSP are linked to sustainability, either directly through sustainability measures or through strategic measures by virtue of SSE's NZAP Plus. Outcomes will be reported annually from 2025 onwards following the

conclusion of the first three-year performance period under the plan.

Further detail on the performance outcome for 2023/24 and the performance measures for 2024/25 can be found within the Directors' Remuneration Report in SSE's Annual Report 2024, on pages 158 to 177.

Table 4: Sustainability measures and targets for the 2024 PSP award

UN SDG	Measures and targets
SDG 13 Climate Action	Reduce scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO ₂ e/kWh – Scope 1 carbon intensity reduction to 61gCO ₂ e/kWh
SDG 7 Affordable and Clean Energy	Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030 – SSE Renewables output TWh tracked to 2027/28 – SSE Renewables output TWh by 2030/31
SDG 9 Industry, Innovation and Infrastructure	Enable at least 20GW of renewable generation and facilitate around 2 million EVs and 1 million heat pumps on SSEN's electricity networks by 2030 – GW renewable generation capacity connected within SSEN's electricity transmission network area by 2027 – Low-carbon technologies connected to SSEN's local electricity distribution networks area by 2028
SDG 8 Decent Work and Economic Growth	Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value – Achieve continued thought leadership on just transition, as recognised in external benchmarks

Managing sustainability-related risks

The execution of SSE's strategy and the creation of value from the opportunities arising from net zero are dependent on the effective identification, understanding and mitigation of the Group's Principal Risks.

Sustainability in the Group Principal Risk context

Whilst all the Group Principal Risks are relevant to the sustainable development of SSE, those with particular significance to social and environmental impacts are outlined below. More information can be found in SSE's Group Principal Risk report and SSE's Annual Report 2024, pages 86 to 95, which detail key developments during the year.

Climate change See pages 15 to 33

The risk that SSE's strategy, investments or operations are deemed to have an unacceptable future impact on the natural environment and on national and international targets to tackle climate change.

SSE's strategy is tackling climate change head-on through accelerating the build-out of renewables, system flexibility and electricity networks that will be needed for the net zero transition. SSE is focused on taking a credible and realistic path to net zero, supported by science-based carbon targets aligned to the ambitions set out in the Paris Agreement and to the power sector's 1.5°C global warming pathway.

Large capital infrastructure See pages 47

The risk that SSE develops and builds major assets that do not realise intended benefits or meet the quality standards required to support economic lives of typically 25 to 60 years within forecast timescales and budgets.

Delivering critical low-carbon infrastructure inevitably impacts on people and nature. To deliver high-quality projects, SSE has embedded sustainability criteria into its large capital projects process, and works closely with suppliers and contractors to ensure its values on issues such as environmental protection, safety, modern slavery and fair pay, are upheld.

Political and regulatory change See pages 30 to 31

The risk associated with operating in a fast-paced, highly regulated environment which is subject to constantly changing political, regulatory and legislative expectations and interventions.

SSE aims to work constructively with governments and regulators to help deliver net zero, whilst ensuring the energy system works in the interest of energy customers. SSE's activities are influenced by international and national agreements on climate change, and sustainability issues are increasingly included in regulatory and legislative requirements

Supply chain See pages 49 to 51

The risk that SSE is unable to secure a viable, competent and sustainable supply chain to meet the growth required to deliver the strategy and NZAP Plus.

SSE relies on high-quality collaboration with supply chain partners to mitigate risks and create resilience to support the achievement of shared sustainability goals. SSE's Sustainable Procurement Plan and Code, alongside its Supplier Relationship Management programme, are core to its approach to managing environmental and social impacts through its supply chain.

Energy affordability See pages 35 to 41

The risk that energy customers' ability to meet the costs of providing energy, or their ability to access energy services is limited, giving rise to negative political or regulatory intervention that has an impact on SSE's regulated networks and energy businesses.

Affordability is a key priority for SSE and it is focused on addressing the underlying causes of high costs, rather than the short-term symptoms, by delivering more low-carbon generation that can be produced at lower costs to protect energy users in the long run. It works to ensure that the energy it supplies is accessible too, striving to offer services that are inclusive to all.

People and culture See pages 70 to 85

The risk that SSE is unable to attract, develop and retain an appropriately skilled, diverse and responsible workforce and leadership team, and maintain a healthy business culture which encourages and supports ethical behaviours and decision making.

An ethical business culture alongside the talent and skills of SSE's employees enable it to fulfil its purpose and achieve its strategic goals. SSE works hard embedding its healthy workplace culture where all employees are treated with fairness and respect, and seeks to provide attractive employment opportunities with meaningful, long-term careers.

Safety and the environment pages 71 to 72 and 87 to 95

The risk of harm to people, property or the environment from SSE's operations.

SSE has an uncompromising commitment to keep people safe and healthy, and to respect the environment in which it operates. SSE's working environment includes challenging geographic locations and adverse weather conditions, which can impact its activities. It has clear safety and environmental processes and training in place to address these risks.

ESG disclosures

SSE seeks to provide comprehensive information for the benefit of its stakeholders, and does so through this report and a variety of additional information sources through its website and in standalone reports. It also seeks to align to commonly understood sustainability disclosure standards.

Additional information

SSE's Sustainability Report 2024 is complimented by the Annual Report 2024, as well as a range of sustainability disclosures, which can be found on sse.com/sustainability. Examples of additional disclosures include:

Sustainability data tables

Detailed environmental, social and economic data is available to download from SSE's website. For transparency, three years' worth of data is provided against each indicator where possible.

GHG and water criteria documents

The criteria document details the reporting approach SSE uses to disclose GHG and water-related information related to its operational activities. The criteria is updated annually.

Gender pay gap information

SSE's UK and Irish gender pay gap information is available to download on SSE's website. More detail on SSE's gender pay gap and diversity information can be found in SSE's Inclusion and Diversity Report 2024.

Human rights and modern slavery statements

SSE's Human rights and modern slavery statements set out the steps taken by SSE to identify and prevent modern slavery and human trafficking existing within its business and supply chains. All statements since 2016 are available to download.

Group Policies

SSE makes key sustainability-related Group Policies publicly available on its website, outlining SSE's approach to promoting a healthy business culture and guiding decisions and actions as expected by its stakeholders.











ISO certification

SSE's ISO 14001:15 (Environmental management systems) and ISO 45001:18 (Occupational health and safety management systems) certificates are available to download from its website.

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SASB Standards disclosure	pages 104 to 105

ESG ratings and indices performance

To increase transparency of its performance in key ESG ratings and investor-led initiatives, the table below outlines SSE's last two years' ratings and inclusion in indices.

	2023/24	2022/23	Stable/improved/decreased
 S&P Global Corporate Sustainability Assessment	72/100	71/100	Improved SSE has a 91st percentile ranking (Mar 2024)
 MOODY'S ESG Rating	71/100	67/100	Improved SSE scored as 'Advanced' (Oct 2023)
 MSCI ESG RATINGS AAA	AAA	AAA	Stable SSE is in the top 13% of 141 global utilities (Oct 2023)
 SUSTAINALYTICS ESG Risk Rating*	20.4	22.5	Improved SSE is ranked 10th percentile in Electric Utilities (Aug 2023)
 CDP A LIST 2022 CLIMATE	A	A	Stable SSE is on CDP's climate change A-list (Jan 2024)
 Climate Action 100+ Global Investors Driving Business Transition	4/10	4/9	Decreased SSE fully met 4 of 10 criteria in the CA100+ Net Zero Company Benchmark (Oct 2023)
 CDP DISCLOSURE INSIGHT ACTION Water	B	B	Stable SSE scored as 'Management' (Jan 2024)
 FTSE4Good	Included	Included	Stable SSE has been included in the index series since 2001 (Jun 2023)
 WDI Worldwide Governance Indicators	Included	Included	Stable SSE saw a slight decrease in disclosure score in 2024 due to increased data requirements (Jan 2024)
 Bloomberg Gender-Equality Index	Included	Included	Stable SSE has been included since the index since 2018 (Jan 2024)

* Lower score indicates better performance. Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved. This ESG ratings and indices performance table includes information and data provided by Sustainalytics and/or its content providers. Information provided by Sustainalytics is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect. Use of such data is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers/>

SASB Standards Disclosure

Table 1. Sustainability Disclosure Topics & Accounting Metric

Code	Accounting metric	SSE disclosure 2023/24
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	SSE's generation activities in the UK are subject to the UK ETS and the carbon price support and in Ireland they are subject to the EU ETS (see page 30 of the Annual Report 2024. SSE is required to report its GHG emissions and energy consumption in the UK through the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the Streamlined Energy and Carbon Reporting (SECR) requirements. Information disclosed in the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting), alongside pages 49 and 106 of SSE's Annual Report 2024 represent SSE's disclosure against these requirements.
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	As of January 2020, SSE Energy Services, the retail division of the SSE Group, was sold to OVO Energy. This ended the direct supply of electricity from SSE to household customers in Great Britain. Scottish and Southern Electricity Networks (SSEN) maintain responsibility for the distribution of electricity across central southern England and the north of Scotland, as well as the electricity transmission network in the north of Scotland. Details of the emissions associated with the losses within the networks are disclosed in the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting).
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Two of SSE's science-based carbon targets cover SSE's scope 1 GHG emissions. Discussion on trends and progress against these targets can be found on pages 19 to 25 of the Sustainability Report 2024 and page 31 of SSE's Annual Report 2024.
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	SSE's customer facing businesses only serve customers in the GB market and the island of Ireland Single Electricity Market. Both these energy markets have mature carbon reduction and renewable support frameworks. In Ireland, there are government targets on particular forms of renewable energy and, in the UK, renewable targets support statutory carbon budgets. Neither market has standards that mean electricity generators must secure a proportion of their portfolio of energy generation from renewable sources.
IF-EU-120a.1	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	SSE discloses NO _x , SO _x , PM ₁₀ and Mercury air emissions on page 88 of this report, on page 49 of the Annual Report 2024 and in the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting). Data from other air emissions is reported to the relevant environmental regulator. SSE's 2023/24 performance for PM ₁₀ and Mercury saw none of SSE's thermal generation plant emitting above de-minimum threshold of 10 tonnes and 1kg respectively. Therefore emissions were considered immaterial in terms of impact. SSE will continue to monitor emissions from its thermal fleet and if thresholds are reached in future, will report accordingly.
IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	SSE depends on water in various ways across its operations, from use in electricity generation to an amenity in its buildings. SSE provides information on its water management approach and its operations in relation to water stressed areas on page 95 of this report and page 48 of the Annual Report 2024, alongside a detailed breakdown of water use data in the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting).
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	In 2023/24, SSE had 11 minor permit breaches in relation to water quantity and/or quality permits. Immediate action to rectify the non-compliance was undertaken and the environmental regulator notified in each case. Investigations were completed following these events and actions taken to prevent reoccurrence.
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Detailed description of the strategies and practices SSE has in place to mitigate water management risks is provided in SSE's CDP Water Programme response, which is publicly available on its website at sse.com/sustainability .
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	N/A - SSE closed its last remaining coal-fired power plant in March 2020.
IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	N/A - SSE closed its last remaining coal-fired power plant in March 2020
IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	SSE Airtricity offers a range of plans to suit domestic customer needs. Domestic electricity tariffs and estimated annual bills, based on Commission for the Regulation of Utilities (CRU) approved annual consumption figures, for different plans are available on sseairtricity.com . For commercial reasons SSE does not publicly disclose non domestic electricity tariffs.
IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	SSE Airtricity offers a range of plans to suit domestic customer needs. Domestic electricity tariffs and estimated annual bills, based on Commission for the Regulation of Utilities (CRU) approved annual consumption figures, for different plans are available on sseairtricity.com .
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	SSE Airtricity is signatory to Electricity Association of Ireland's (EAI) Energy Engage Code, that commits not to disconnect an engaging customer and to work with customers to find solutions. SSE Airtricity undertakes coordinated campaigns to support customers reaching out to avail of existing support mechanisms. SSE Airtricity's Code of Practice on Disconnections is available on sseairtricity.com and disconnection is always a last resort.
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Over 2023/24, SSE Airtricity supported its customers with the cost of energy through a commitment to redistribute all 2022/23 profit to aid customers through household credits, alongside a range of other financial support measures and two consecutive domestic tariff reductions in Ireland and regulated tariffs were reduced in Northern Ireland. SSE Business Energy established a £15m support fund for its business customers in Great Britain. See more information on pages 40 to 41.
IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	See the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting) for SSE's safety performance, as well as page 71 of the Sustainability Report 2024 and pages 41 and 154 to 157 of SSE's Annual Report 2024.
IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Not applicable in the UK and Irish electricity systems.
IF-EU-420a.2	Percentage of electric load served by smart grid technology	With the smart meter roll out continuing in Great Britain, there are now around 2.2 million smart meters connected to SSEN Distribution's network that can 'communicate' to SSEN's system. This means that 55% of all SSEN's supply points have communicable and smart capability*.
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	See pages 36 to 43 for details of SSE's fuel poverty and energy efficiency support.
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	N/A - SSE does not operate nuclear generation.
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A - SSE does not operate nuclear generation.
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	SSE has robust processes and practices in place to manage cybersecurity and its datacentres are certified to ISO27001 for information security. SSE also has a suite of mandatory ethics and compliance training modules which all employees are required to complete, which includes Cyber Security eLearning module. SSE discloses the number of material or regulatory reportable incidents caused by cyber security breaches of SSE systems in the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting).
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	A comparable indicator for GB is the Customer Interruptions and Customer Minutes Lost on SSE's electricity distribution network. See the accompanying data and performance tables (available at sse.com/sustainability/reporting) for data, and on page 36 of this report.

Table 2. Activity Metrics

IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served	See the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting) for SSE's domestic and business customer supply accounts.
IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	See page 80 of SSE's Annual Report 2024 for volume of electricity sold to customers by business and domestic supply businesses. See page 73 of the Annual Report 2024 for the electricity distributed to customers by SSEN Distribution.
IF-EU-000.C	Length of transmission and distribution lines	SSEN owns, operates and maintains around 130,000km of electricity distribution overhead lines and underground cables, and around 5,000km of electricity transmission overhead lines and underground cables.
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	See the accompanying Sustainability data and performance tables (available at sse.com/sustainability/reporting) and pages 75 and 78 of SSE's Annual Report 2024 for SSE's generation by source. SSE has generation activities in the UK and Ireland which are both regulated markets.
IF-EU-000.E	Total wholesale electricity purchased	See pages 80 and 81 of SSE's Annual Report 2024 where the total volume of electricity sold by SSE Business Energy and SSE Airtricity is described. Because both these businesses act independently from SSE's generation businesses in the market, the volume of electricity sold to customers represents the net amount of electricity purchased by SSE throughout 2023/24.

To discuss the content of this document,
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