

Sustainability statement

For the six months to 30 September 2022



Providing solutions for people and planet

SSE understands that a purpose-led business is one that offers profitable solutions to the world's problems; and in fulfilling its purpose, it is more likely to be a sustainable business in the long run. In building a better world of energy for tomorrow, SSE seeks to create value simultaneously for both shareholders and society.

The UN's Sustainable Development Goals (SDGs) are the blueprint for addressing global challenges, including climate change, and therefore SSE's four 2030 business goals are aligned to the SDGs most material to its business.

This short statement reports SSE's sustainability impacts over the first six months of financial year 2022/23, including detail of progress against its 2030 Goals. It is intended to complement SSE's interim results statement covering the same period. More information about SSE's sustainability performance can be found at sse.com/sustainability.

SSE welcomes and encourages feedback on this statement and its approach to sustainability. You can get in touch with feedback and comments by emailing sustainability@sse.com

Measures of progress

SSE's 2030 Goals provide important interim milestones on the journey to net zero. SSE has aligned a proportion of long-term executive remuneration to the achievement of these 2030 Goals and good progress was made against them in the first half of 2022/23, as outlined on this page.

2030 Goals



Cut carbon intensity by 80%

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

The scope 1 GHG intensity of electricity generated decreased to 271gCO₂e/kWh in the first half of 2022/23, from 292gCO₂e/kWh in the same period of 2021/22. Contributing factors to this trend are outlined on page 4. This performance represents an 11.6% decrease in Scope 1 GHG intensity against the 2017/18 baseline of SSE's target.



Increase renewable energy output fivefold

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

Good progress was made on construction of SSE Renewables flagship developments which, when operational, will make a significant contribution to the achievement of this 2030 Goal. SSE's renewable generation output* for the first half of 2022/23 was 3,755GWh. See page 5.



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.

In the first half of 2022/23, there was 7.9GW of renewable capacity connected to SSEN Transmission's network, up from 7.85GW in the same period last year. In the same period, SSEN Distribution had around 185,000 pure electric vehicles or plug-in hybrid vehicles registered in its licence areas and had connected around 52,500** heat pumps to its networks.



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.

Over the first half of 2022/23, SSE continued to roll out of the Living Hours across its supply chain. It worked to enhance transparency around its approach to tax and in November it became the first company to transition from the UK multinational Fair Tax Mark accreditation to the new Global Multinational accreditation.

* SSE's total renewable generation for the Group includes SSE Renewables total generation output of 3,755GWh (inc. pumped storage (113GWh) and constrained off wind in GB (206 GWh) and a further 30GWh of output from biomass (which sits within SSE Distributed Energy).

** Figures are based on when SSEN Distribution is notified that a customer is connecting a heat pump.



Climate action in a turbulent world

Progressing the Net Zero Transition Plan

In March 2022, SSE published its Net Zero Transition Plan, which sets out clearly for stakeholders the actions SSE intends to take towards its target of achieving net zero across its scope 1 and 2 greenhouse gas (GHG) emissions by 2040 at the latest and its remaining scope 3 GHG emissions by 2050. These commitments are supported by a series of interim targets validated by the Science Based Targets Initiative (SBTi).

Following feedback from shareholders and other stakeholders, a small number of updates have been made to the Plan. The updates include: the inclusion of scope 3 'investments' to recognise SSE's joint acquisition of Triton Power (see more information on page 7); the addition of cross-cutting issues to recognise the importance that climate adaptation and resilience and the just transition play in the transition to net zero; and, an enhanced definition of net zero to SSE and further explanations on the role of neutralisation technologies in achieving net zero. These amendments are designed to ensure the Plan is comprehensive and it is recognised that the Plan will continue to develop and iterate in line with best practice.

SSE published its first Net Zero Transition Report in June 2022 summarising its progress against the Net Zero Transition Plan. In line with established commitments through its shareholder resolution, SSE's Net Zero Transition Report was received by shareholders at the Annual General Meeting in July 2022 with 98.92% of votes in favour.

Advocating for climate action

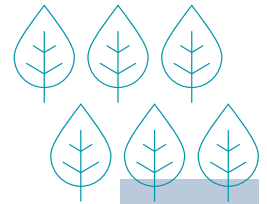
During the first half of 2022/23, SSE has continued to advocate for accelerated climate action with a particular focus on the role of accelerated renewables deployment to avoid future cost-of-living crises. The importance of progress on decarbonising thermal generation, heat, and transport has also been an advocacy priority for the company.

To maintain momentum towards achieving net zero ambitions in the UK SSE engaged the UK's Department for Environment and Rural Affairs on matters relating to climate adaptation and resilience planning, and responded to UK government consultations on Net Zero Transition Plans, the Electricity Networks Strategic Framework and the review of Renewable Electricity Market Arrangements. SSE also supported the Transition Plan Taskforce preparers and users working group to develop guidance on Transition Plans. In Ireland, climate advocacy continued with SSE contributing to Government considerations on the roll-out of offshore wind, with SSE successfully calling for an increase in the 2030 offshore wind target from 5GW to 7GW. SSE also responded to the Government's hydrogen strategy for Ireland, supporting the development of a hydrogen economy and outlining the need for coordinated and effective incentives for its production, use, transport and storage.



Measuring performance against science-based carbon targets

For the first time, SSE is disclosing enhanced half-year performance data on its science-based targets. In future publications, SSE will present further information on its target progress and trends at a six-month interval. As SSE's carbon intensity metric is a core goal and has been linked to executive incentives since 2019, SSE has previously disclosed half-year performance on this particular target.



Reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions by 72.5% by 2030 from a 2017/18 baseline, to 3.04MtCO₂e

Performance at 30 Sep 2022 (comparisons)

3.26MtCO₂e
(6.24MtCO₂e at 31 Mar 2022)

Influencing factors

Absolute GHG emissions from thermal generation output contribute around 93% of SSE's total scope 1 and 2 emissions. Output from SSE's thermal generation assets² remained stable in the first half of 2022/23 compared to the same period last year, as did the corresponding GHG emissions.

Reduce absolute GHG emissions from use of products sold by 50% by 2034, from a 2017/18 baseline, to 1.27MtCO₂e

Performance at 30 Sep 2022 (comparisons)

0.73MtCO₂e
(2.29MtCO₂e at 31 Mar 2022)

Influencing factors

Overall gas sold by SSE's customer businesses reduced between the first half of 2021/22 and 2022/23. This is likely to be driven, in part, by demand destruction in the business energy sector, in particular, as a result of higher gas prices. The long-term strategy to reduce gas consumption is by working with customers to become more energy efficient and switch to low carbon sources of heat.

Reduce scope 1 GHG emissions intensity of generated electricity by 80% by 2030, from a 2017/18 baseline, to 61gCO₂e/kWh

Performance at 30 Sep 2022 (comparisons)

271.5gCO₂e/kWh¹
(292gCO₂e/kWh as at 30 Sep 2021)

Influencing factors

SSE's intensity performance is calculated based on two elements – total scope 1 GHG emissions (99% of which is from thermal generation) and total generation output, comprising thermal and renewables generation sources. SSE's absolute scope 1 GHG emissions² remained stable in the first half of 2022/23 compared to the same period last year. Renewable generation represented a larger portion of total generation output in the first half of 2022/23, increasing by 29%³, having experienced exceptionally still and dry weather in the prior year. These factors combined contributed to a decrease in the scope 1 GHG intensity of generated electricity.

Engage with 50% of suppliers by spend to set a science-based target by 2024

Performance at 30 Sep 2022 (comparisons)

55%
(48% as at 31 Mar 2022)

Influencing factors

34% of SSE's suppliers by spend have set a science-based target with a further 21% committed to setting one. SSE continues to work closely with its supply chain to increase the absolute number of suppliers establishing science-based pathways to net zero.

Note: These tables provide performance data as of 30 September 2022. Full year performance data will be subject to limited external assurance and will provide a description of target progress.

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¹SSE's previous intensity target was measured using GHG emissions from electricity generated only. When SSE reset its SBTi-verified carbon targets to align to a 1.5oC pathway in November 2021, the intensity metric was updated from electricity generation GHG emissions to all scope 1 GHG emissions. GHG emissions from electricity generation contribute around 99% of SSE's scope 1 GHG emissions, so a reasonable comparison can be made between both figures.

²Excludes Keadby 2 gas-fired power station, which is currently in the final testing stages with the contractor and therefore not handed over to SSE's operations. The GHG emissions from Seabank gas-fired power station and Triton Power, both in which SSE has a 50% equity ownership, are accounted for in SSE's scope 3 GHG emissions reporting, therefore the output from these plant is not considered in SSE's scope 1 GHG intensity calculations.

³Includes pumped storage and biomass

Providing affordable and clean energy

Supporting customers on the island of Ireland

The Russian invasion of Ukraine and resulting disruption on global commodity markets has resulted in increasing costs and energy prices, which SSE's customer business has been actively managing on behalf of its customers.

SSE Airtricity has established a substantial package of support for households on the island of Ireland totalling up to €25m aimed at helping those who are most vulnerable. The measures comprise the following:

1. A price promise that holds energy costs at June 2022 levels until the end of March 2023, for financially vulnerable customers. This scheme affects up to 63,000 customers that are defined as financially vulnerable.
2. A €1m discretionary fund to provide direct support to customers in difficulty. Members of the SSE Airtricity team are contacting eligible customers in relation to this scheme.
3. €1m has been donated to the Society of Saint Vincent de Paul in the Republic of Ireland to be used to directly support vulnerable consumers who are struggling with the cost of living. This support is not ringfenced to SSE Airtricity customers. To further understand how to better target supports at those in need, research has been commissioned in partnership with SVP to help gain insights and help tailor our approach to delivering supports. Additional €1m has been donated to Bryson Energy in Northern Ireland; a trusted NI charity partner who will deliver supports in the community.

4. A commitment to delivering home energy upgrades for up to 600 vulnerable households across the island of Ireland, at no cost to them.

Embedding vulnerability features into network planning

SSEN Distribution is working to identify consumers in vulnerable positions and forecast how those communities and their needs may change, in the transition to net zero through the Vulnerability Future Energy Scenarios (VFES) project. In the face of the increasing costs of fossil fuels, it has never been more important to ensure that everyone who wishes to adopt clean, electrified technologies, can do so.

The VFES project will build on the annual publication of SSEN's Distribution Future Energy Scenarios (DFES), which are scenario forecasts of future energy supply and demand that help SSEN to understand how customers' use of the network is likely to change. The VFES by comparison, will focus on customers and communities and deploy foresighting, machine learning and expert validation to test whether a reliable forecast of vulnerability trends can be developed. The aim is to support better-informed operational practices and investment planning which in future will be able to take vulnerable communities into account.

Renewable generation output

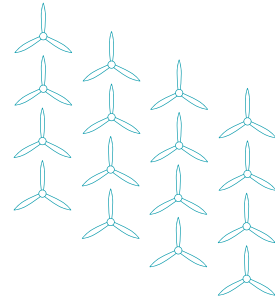
In November 2021, as part of its capital investment plan, SSE set out ambitious targets to increase its renewable generation capability. It is aiming to double its installed

renewable energy capacity to 8GW by 2026 and treble capacity to over 13GW by 2031, increasing output fivefold to over 50TWh annually. This is enough energy to power 20 million homes each year.

SSE Renewables is leading the construction of more offshore wind than any other company in the world right now, and continued to make progress on key flagship offshore wind projects over the first half on 2022/23. In August 2022, first power was generated at Seagreen 1 (1,075MW, SSE Renewables share 49%), which will be Scotland's largest and the world's deepest fixed bottom offshore wind farm when complete. Progress was also made at Dogger Bank (3,600MW, SSE Renewables share 40%), which will be the world's largest offshore wind farm when operational, with offshore construction works starting in April 2022 with the installation of the first length of HVDC export cable off the Yorkshire coast, and the installation of the first wind turbine foundation in July.

Key milestones have also been reached in some of SSE's onshore wind projects with SSE Renewables being successful in the UK's fourth Contract for Difference (CfD) Allocation Round in July, securing a low-carbon power contract for 220MW for the Viking Energy Wind Farm project (443MW), the UK's most productive onshore wind farm, currently being constructed in Shetland. The pouring of all 103 concrete turbine bases at Viking was completed in November this year, ahead of turbine delivery in early 2023. In addition, following a final investment decision in August, Yellow River (105MW) in Rhode, Co. Offaly started construction at the end of October 2022.

SSE Distributed Energy is developing a pipeline of solar and battery developments, with its first utility-scale solar farm at





Investing in industry, innovation and infrastructure

Repurposing thermal generation assets for net zero

In the first half of 2022/23, SSE Thermal made progress on key low-carbon projects it is developing in partnership with Equinor. Front End Engineering Design (FEED) contracts were awarded at Keadby 3 Carbon Capture Power Station and at Peterhead Carbon Capture Power Station (both up to 910MW capacity) which could become the first flexible power stations equipped with carbon capture technology in the UK and Scotland respectively.

In addition, in August, the UK Government announced that Keadby 3 has been selected to be taken forward to the due diligence stage by the Department for Business, Energy and Industry Strategy (BEIS) as part of its Cluster Sequencing Process. This process will give the project the opportunity to receive government support, allowing it to deploy cutting edge carbon capture technology, and to connect to the shared CO₂ pipelines being developed through the East Coast Cluster, with its emissions safely stored under the Southern North Sea. The common infrastructure will also supply low-carbon hydrogen to potential users across the region.

Joint acquisition of Triton Power

In September 2022, SSE Thermal and Equinor completed the joint acquisition of Triton Power. Triton Power operates the 1.2GW Saltend Power Station in the Humber, along with a 140MW OCGT in Cornwall and a decommissioned CCGT in north Wales which provides carbon-free inertia to the system.

SSE Thermal and Equinor, as joint owners, will focus on using the Triton Power portfolio as a platform to develop more low-carbon projects to support the transition to net zero, building on the decarbonisation work already carried out by Triton.

There is significant decarbonisation potential at the Triton sites, with Saltend Power Station a potential primary offtaker to Equinor's H₂H Saltend hydrogen production project, which recently moved to the next stage of the UK Government's Cluster Sequencing Process. Initial steps to decarbonise Saltend Power Station are underway, targeting partial abatement by 2027 through blending up to 30% of low-carbon hydrogen. In addition, carbon capture provides an additional valuable option for the site. SSE Thermal and Equinor will continue to work towards 100% abatement.

Progressing the Shetland HVDC link

In July 2022, SSEN Transmission's Shetland High-Voltage Direct Current (HVDC) Link reached a major milestone with the first phase of cable laying taking place off the coast of Caithness. A purpose-built cable-laying vessel installed the first 100km of subsea cable and fibre optic cable on the seabed. The vessel will lay the cables in three sections, with the second two phases expected to take place in 2023, and when complete the subsea HVDC link will be 260km in length.

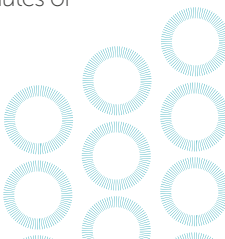
The c.£650m project will be the first transmission connection between Shetland and the Scottish mainland, connecting Shetland to the GB transmission grid for the first time. This will allow Shetland to export renewable electricity generation to the grid, as well as ensure security of electricity supply.

Powering action through supply chain collaboration

In May 2022, the Powering Net Zero Pact was launched six months on from COP26. The Pact, which is an initiative created by SSE with 10 co-founders, brings together companies across all tiers of the power sector and identifies five key areas for future collaboration to a fair and just transition to net zero carbon emissions. Together, the founding signatories of the Pact operate across more than 100 countries, had a combined annual turnover in 2021 of more than £55bn, are responsible for the livelihoods of over 240,000 employees, and work with more than 120,000 suppliers globally. Five working groups have been established for these collaboration areas and work is continuing to raise awareness of the Pact to potential new signatories. More information can be found at sse.com/sustainability/pnzp.

Driving ahead with EV charging hubs

In September 2022, SSE Energy Solutions opened its first ultra-rapid EV charging hub in Glasgow. The six-bay EV charging hub is part of SSE Energy Solutions' plans to install 300 ultra-rapid EV charging hubs across the UK and Ireland in the next five years, to meet increasing demands for EV infrastructure. The charging hub is powered by traceable, renewable energy and it is estimated that at least 60,000 charges could take place at the hub each year. The hub features ultra-rapid charging facilities of up to 150kW that can put drivers back on the road within 20 to 40 minutes of plugging in.



Committed to decent work and economic growth

Supporting employees through challenging times

SSE is acutely aware of the pressures that people are facing in their daily lives, which are being compounded by the current cost-of-living crisis. It has developed several support initiatives for its employees over the first half of 2022/23 and has now launched the SSE Health Hub, a one-stop-shop where employees can receive support for both mental and physical health, and financial wellbeing. It also launched a new and valuable service, WeCare, which enables employees in the UK and Northern Ireland to access free online GP provision and private prescription service, to help colleagues receive the medical care they need whilst the NHS is stretched following covid-19. Employees in Ireland can receive similar support through SSE's partnerships with VHI Healthcare.

To help colleagues with health and wellbeing SSE has run monthly webinars covering topics such as smoking, money, cancer, mental health, sleep and more. These are open to all employees and are recorded and shared for future viewing. In addition, SSE developed toolkits for managers on the menopause and mental health to enable them to support members of their team when required.

In response to the cost-of-living crisis, all eligible employees earning less than £100,000 per year received up to 5% as an advance salary increase from October 2022, brought forward from the usual cost-of-living increases to salaries in April.

In September the Living Wage Foundation announced the new real Living Wage hourly rate of £10.90 representing a 10.1% increase from the rate last year. The announcement came two months earlier than usual in recognition of the cost-of-living crisis and SSE implemented the rate rise from 1 October. In October, the Living Wage Technical Group (LWTG) recommended an increase to the Living Wage in Ireland to €13.85 per hour, an increase of 7.4% on last year's recommended rate of €12.90 per hour.

Advancing SSE's approach on modern slavery

In August 2022, SSE released its seventh Human Rights and Modern Slavery Statement, disclosing the actions it has taken over the prior year to identify and mitigate human rights violations and modern slavery risk in its direct operations and supply chain, in accordance with the UK Modern Slavery Act 2015. Work has been undertaken in partnership with expert third parties, including: commissioning human rights experts Stronger Together and Slave Free Alliance to undertake deep dive assessments for business activities identified as high risk including offshore wind and solar; on site audits, conducted by Stronger Together to identify potential gaps in policies and procedures that could lead to modern slavery risk; and the roll out of human rights and modern slavery training to key employees, in partnership with the Supply Chain Sustainability School. In October 2022, SSE ran an employee engagement campaign on modern slavery and human rights during Anti-Slavery week.



Increasing ambition on inclusion and diversity

In June 2022, SSE published its first comprehensive Inclusion and Diversity report alongside its Sustainability Report. This report shows SSE's Inclusion and Diversity journey to date, including ambitions, progress, and initiatives to drive further improvement, as well as its Gender Pay Gap disclosure. The report disclosed SSE's new gender leadership ambitions, set in early 2022, which includes increasing the proportion of women within SSE's Group Executive Committee and direct reports to 40% by 2025, in line with the FTSE Women Leaders Review. In addition, SSE is targeting an increase female representation in its wider Leadership Group, which covers around 900 employees, to 40% by 2030, as well as increase overall female representation across the company to 33% by 2030. For the first time, in this report, SSE disclosed its wider range of diversity metrics, including the proportion of ethnic minority, disabled and LGBTQI+ employees, alongside its ambitions to increase metrics by 2030.





Applying fair tax principles globally

In 2022, SSE became the first company to move from the UK multinational Fair Tax Mark accreditation to the new Global Multinational accreditation, which has seen it increasing the transparency of disclosures across the Group's global operations. In November 2022, SSE published its annual Talking Tax Report disclosing its tax affairs in all jurisdictions in which it operates. As SSE develops renewable energy projects in Japan, southern Europe, and beyond it will ensure it maintains its fair tax principles. SSE knows paying fair tax is especially important in times of crisis and as society moves from navigating coronavirus to the cost-of-living crisis, tax is an integral part of supporting economic recovery. In November, SSE won PwC's 2022 Building Public Trust Award for 'Tax Reporting in the FTSE 350 - UK Focused Companies', for its 2021 Talking Tax Report.

Investing in communities

SSE is committed to supporting and investing in the communities near its assets. It provides investment to support transformational projects on the issues most important to communities, including housing, skills and sport. In August 2022, SSE Renewables published its Community Investment Review for 2021/22, which outlined £9.68m in investment in 1,048 projects across the UK and Ireland. During the first half of 2022/23, SSE Renewables has been developing its community investment approach for solar and battery provision and the existing community programme has been focusing on supporting key local issues including investing £1.5m to support the net zero transition in the Scottish Highlands and €300,000 to environmental and skills projects in Galway. The funds are actively supporting communities during a challenging economic environment.

ESG ratings and indices performance

SSE actively engages with key environment, social and governance (ESG) ratings agencies and investor-led ESG ratings. These ratings demonstrate SSE's performance to its stakeholders, while also allowing it to identify areas for improvement in its operations and disclosure. The table below outlines SSE's current performance in ratings and indices, alongside the previous year's performance.

	2022	2021	Stable/improved/decreased
 Now a Part of 	71/100	66/100	Improved SSE has an 86th percentile ranking (Oct 2022)
	67/100	67/100	Stable SSE scored as 'Advanced' (Oct 2022)
	AAA	AAA	Stable SSE is in the top 11% of 139 global utilities (Oct 2022)
	22.7	30.1	Improved SSE is ranked 11th percentile in the Electric Utilities and assessed as having 'strong' management of ESG issues (Feb 2022)
	A	A-	Improved SSE is on CDP's climate change A-list (Feb 2022)
	B	B	Stable SSE scored as 'Management' (Dec 2021)
	Included	Included	Stable SSE is in the top decile for disclosure (Jan 2022)
	Included	Included	Stable SSE has been included in the index series since 2001 (Aug 2022)
	Included	Included	Stable SSE has been included since the index since 2018 (Jan 2022)
	86.2	83.3	Improved SSE ranks 1st out of seven UK Network Utilities in the GLIO/GRESB ESG Index for Infrastructure Public Disclosure (Oct 2022)



SSE plc Corporate Affairs
Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ
UK