



PRINCIPAL PARTNER
**UN CLIMATE
CHANGE
CONFERENCE
UK 2021**
IN PARTNERSHIP WITH ITALY

SUSTAINABILITY STATEMENT

For the six months to 30 September 2020



ALIGNING BUSINESS AND SOCIAL OBJECTIVES

SSE's strategic goal is to create value for shareholders and society. SSE recognises that a sustainable company is purpose-led; and that a purpose-led company is one that offers profitable solutions to the world's problems. 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 2020/21, including detail of progress against its 2030 Goals. It is intended to complement SSE's preliminary 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.

SUPPORTING THE RESPONSE TO CORONAVIRUS



In March 2020, SSE signed the C-19 Business Pledge, committing to support employees, customers, suppliers and communities through the Covid-19 (coronavirus) crisis. SSE has published updates on the support it has been providing, which can be found at sse.com/coronavirus, and examples are also provided throughout this statement.

SSE'S 2030 GOALS: PROGRESS IN THE FIRST HALF OF 2020/21



Cut our carbon intensity by 60%



Reduce the carbon intensity of electricity generated by 60% by 2030, compared to 2018 levels, to around 120gCO₂/kWh.

SSE's carbon intensity of electricity generated increased to 275gCO₂e/kWh in the first half of 2020/21, from 261gCO₂e/kWh in the first half of 2019/20. Contributing factors to this increase are outlined on page 4. Despite this small increase, overall progress is a 10% decrease in carbon intensity against the 2018 baseline.



Treble renewable energy output



Develop and build by 2030 more renewable energy to contribute renewable output of 30TWh a year.

Good progress was made with 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 2020/21 was 4,030GWh. See page 5.



Help accommodate 10m electric vehicles



Build electricity network flexibility and infrastructure that helps accommodate 10 million electric vehicles in GB by 2030.

SSEN Distribution made good progress on its partnership projects that demonstrate the impacts that increased take up of EVs might have on the UK electricity network, including Project LEO and the launch of the LEVEL project. See page 6 for more information.



Champion Fair Tax and a real Living Wage



Be the leading company in the UK and Ireland championing Fair Tax and a real Living Wage.

Fair Tax: SSE published its Talking Tax 2020 report and gained the Fair Tax Mark for the Seventh year.
Living Wage: SSE aligned wages to the annual real Living Wage rate increase and continues to be a member of the Living Wage and Living Hours steering groups. SSE's Living Hours accreditation has been delayed until 2021 due to prioritisation of its response to coronavirus. See page 7.

* SSE's total renewable generation for the Group includes SSE Renewables total generation output of 4,008GWh (inc. pumped storage (68GWh) and constrained off wind in GB (223GWh)) and a further (22GWh) of output from biomass (which sits within SSE Enterprise).

SPOTLIGHT ON SSE RENEWABLES



Supporting the net-zero transition

In the first half of 2020/21, SSE Renewables progressed its flagship development projects which will play a key role in delivering the renewable electricity needed to meet net-zero targets in the UK and Ireland. Early construction work is under way and key contracts awarded for both the first two phases of Dogger Bank Wind Farm (SSE Renewables share 50%) and the Seagreen 1 (SSE Renewables share 49%) offshore wind farms. Construction also began of the onshore Viking wind farm in Shetland. Together, these projects will generate over 22TWh annually, or over 7% of the UK's current energy demand.

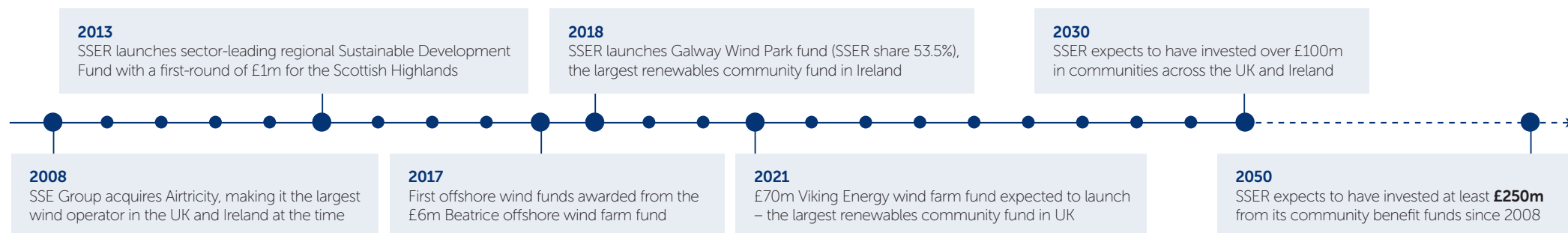
In Ireland, SSE Renewables commenced public consultation on its plans for the next phase of Arklow Bank (520MW) and the Lenalea onshore wind farm (30MW, SSE Renewables share 50%) was successful in the first Renewable Electricity Support Scheme auction.

SSE Renewables' pipeline of offshore projects will support the recently announced UK Government target for 40GW of new offshore wind by 2030, and the Irish Government's commitment for 5GW of offshore wind by 2030. SSE Renewables' short- and long-term growth opportunities are outlined in SSE's Half-year Results presentation 2020/21, available at sse.com/investors.

A leading grant funder

SSE Renewables' community funds provide an important source of funding to communities, many of which are rural and face unique challenges. Its Community Investment Review published in September 2020 highlighted an investment of £8m through the funds in 2019/20 across GB and Ireland. Total fund payments between 2008 and 2050 are expected to be at least £250m, adjusted for inflation. This includes the Viking Energy wind farm fund, with expected payments to the Shetland community over the lifetime of the wind farm totaling £70m (nominal) – the largest UK community fund linked to renewable energy.

SSE RENEWABLES (SSER): COMMUNITY FUNDING 2008 TO 2050



With the outbreak of the coronavirus pandemic, SSE Renewables' flexible grant funding approach enabled it to make £1m immediately available to support communities, ensuring the funds could be easily accessed by the organisations best placed to deliver a front-line emergency response. Within six weeks, over £550,000 had been awarded to communities and, by the end of September 2020, awards supporting community coronavirus responses totaled around £1.5m.

£1.5m

Awarded to communities to support coronavirus responses

Innovative partnerships to solve environmental challenges

A core environmental challenge for the renewables industry relates to the end-of-life use of the component parts of wind turbines. To restore the natural environment the notion of waste must be rethought and, in a net-zero world, SSE Renewables aims to make a lighter imprint on the natural environment with the wind turbines procured and used. That is why SSE Renewables has joined SusWIND, a UK initiative between industry, academia and government launched in November 2020 to advance technology for sustainable and recyclable wind turbine blades. Bringing together stakeholders in the composites industry and energy sector, the SusWIND collaboration hopes to accelerate the development of technology, processes and materials that address this recyclability challenge for wind turbine blades already in use and to deliver a next generation of recyclable blades.

A key objective for SSE Renewables is to meet, as a minimum, the environmental obligations that arise as a result of planning consent for its development projects. As a result, it is innovating with technology partners, Microsoft and Avanade to investigate the potential of machine-learning species recognition software to improve environmental monitoring. An important trial is intended to monitor puffin colonies on the Isle of May in the Firth of Forth in spring 2021.

TAKING MEANINGFUL CLIMATE ACTION

Committing to net zero operational emissions

Responding to the challenge of climate change and providing the low-carbon electricity infrastructure that enables the achievement of net-zero carbon emissions in the UK and Ireland is core to SSE's business strategy. In further support of that strategy, in October 2020 the SSE plc Board agreed to commit to the long-term ambition of achieving net zero carbon emissions across all its operations (covering both and direct and indirect emissions) by 2050 at the latest. This builds upon its Paris Agreement-aligned, medium-term science-based carbon targets set in June 2020 and is consistent with both the UK and Irish government ambitions.

1.5°C

SSE is aligning its operations to a 1.5°C warming scenario

A Principal Partner of COP26

In November 2020, SSE was confirmed as a Principal Partner of the UK Government for COP26, due to take place in Glasgow 2021. SSE's objective is to support the UK Government's ambitions for a successful climate conference to increase global action to prevent temperature increases of more than 1.5°C.



The period until November 2021 is important to create momentum, particularly amongst the business community. In support of the Race to Zero, the official pre-COP26 campaign to invigorate action across society, SSE has joined the Business Ambition for 1.5°C coalition. SSE joins around 300 global companies that have signed up to the initiative, which was established by the UN Global Compact, the Science Based Targets initiative (SBTi) and We Mean Business coalition, and will promote its objectives to its business and supply chain partners in the year ahead.

Approved science-based carbon targets

In April 2020, SSE set medium-term carbon targets, approved by the SBTi, aligned to the Paris Agreement and a 'well below two-degree' pathway.

The result of the new targets led to a stretching of SSE's first 2030 business goal. Rather than cutting the carbon intensity of electricity by 50% between 2018 and 2030, the new science-based goal has been reset to cut the carbon intensity of electricity generated by 60% in the same period. 2020/21 is the first year in which progress will be tracked against this – see the 2030 Goal progress box on page 2 for progress during the first half of the year. Full details of SSE Group's SBTi-approved carbon targets can be found on page 23 of its Sustainability Report 2020.

In August 2020, SSE's electricity transmission business, SSEN Transmission, had its own series of carbon targets approved by the SBTi, making it the first electricity networks company globally to receive external accreditation for a science-based target in line with a 1.5°C global warming pathway. Detail of these carbon targets can be found on page 20 of SSEN Transmission's Sustainability Report 2019/20.

Working with supply chain partners to cut carbon

To cut carbon across all of its operations, SSE must work closely with its supply chain partners. It is targeting 50% of its supply chain (by value) to have their own SBTi-approved targets by 2024. In the first half of 2020/21, SSE held 22 workshops with key suppliers to facilitate dialogue and knowledge-sharing around the setting of science-based carbon targets and the challenges and opportunities presented for various industries. Further workshops are planned for the remainder of 2020/21.

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Workshops held with key suppliers sharing knowledge on science-based carbon targets

At 31 March 2020, of SSE's suppliers making up 50% of its spend, 4% had set SBTi approved carbon targets. At 30 September 2020, this had risen to 17%, when accumulating SSE's procurement spend over the 18 months from April 2019 to September 2020.

SSE's carbon intensity performance

SSE's carbon intensity of electricity generated in the first half of 2020/21 was 275gCO₂e/kWh, compared to 261gCO₂e/kWh in the same period in 2019/20 – an increase of 5%. This increase was due to lower renewables output in the first half of 2020/21 compared to the first half of the previous year, explanation for which is provided on page 5, in addition to an increase in gas-fired generation output for the period. While there is increasing penetration of renewable generation on the electricity system as a whole, intermittency of supply and variable demand patterns meant that SSE's gas-fired generation output increased due to its plant being called on more frequently to support the electricity system through the Balancing Mechanism. This resulted in an increase in SSE's carbon emissions over the period, which, combined with a reduction in renewable generation output, meant SSE's overall generation output mix was slightly more carbon intensive in the six months to September 2020, compared to the same period in 2019.

275gCO₂e/kWh

Carbon intensity of SSE's generated electricity

SSE closed its last coal-fired power station, Fiddler's Ferry, in March 2020. Output from Fiddler's Ferry was limited in the first half of 2019/20 (just 44GWh), so the impacts of the closure have not been reflected in differences between the carbon intensity performance for the first halves of 2019/20 and 2020/21. Coal-fired generation output increased in the second half of 2019/20, in line with SSE's approach to use coal stocks at Fiddler's Ferry ahead of its closure. It is hoped the impact of the closure of Fiddler's Ferry will be reflected in SSE's full-year carbon intensity performance.

PROVIDING AFFORDABLE AND CLEAN ENERGY

SSE's renewable generation output

SSE's renewable generation output* in the first half of 2020/21 was 4,030GWh, compared to 4,239GWh in the first half of 2019/20 – a decrease of 5%. This decrease was mainly due to unfavourable weather conditions for SSE Renewables' wind and hydro generation assets.

4,030GWh

Total renewable generation in first half of 2020/21*

In support of its ambition to increase renewable generation output, SSE Renewables has progressed key flagship projects, outlined below, over the first half of 2020/21.



Dogger Bank

3,600MW

(SSE Renewables share 50%)

The world's largest offshore wind farm when complete

Will generate electricity to power up to 4.5 million homes each year



Seagreen 1

1,075MW

(SSE Renewables share 49%)

Scotland's largest offshore wind farm when complete

Will generate electricity to power up to 1 million homes each year



Viking

443MW

UK's largest onshore wind farm by output once operational

Will generate electricity to power around 475,000 homes each year

Keeping Distribution customers connected

In response to coronavirus, SSEN Distribution has worked to ensure and maintain customers' power supply, with additional efforts focused on supporting those most vulnerable and isolated. Efforts have included the continued promotion and extension of its existing Priority Services Register (PSR), through which around 750,000 vulnerable customers are registered to receive free additional support.

In response to the coronavirus pandemic, the PSR criteria was temporarily extended to include those at increased risk who have been instructed to self-isolate for a 12-week period based on

public health guidance. In addition to this, SSEN created a new dedicated 100-strong Customer Care Team which proactively contacted customers across SSEN's north of Scotland and central southern England distribution areas. The team made thousands of outbound calls to customers identified as being most at risk from social isolation during the lockdown period, checking in on their welfare and signposting them to further community support where required.

750,000

Customers signed up to SSEN's Priority Services Register

Ensuring energy affordability in Northern Ireland

SSE recognises it has a responsibility to ensure it keeps energy as affordable as it can for its customers, and it is in SSE's interests to be as competitively priced as it can be while still earning a sustainable profit over the long term. In June 2020, SSE Airtricity announced it would reduce its electricity prices in Northern Ireland by 5.1% from August 2020, saving a typical household customer with a standard credit meter around £32 a year. This announcement followed a reduction in SSE Airtricity's natural gas tariff earlier in the year, that will save gas customers in Northern Ireland around £107 per year.

Continuing to deliver on smart meter ambitions

While the coronavirus pandemic initially disrupted operations, with metering work being limited to emergency metering only, SSE Business Energy has continued to work safely, adapting to new ways of working as they arise. This has included putting enhanced measures in place to protect workers and customers in response to the recent local lockdown measures which were introduced in Britain. This flexible way of working has meant that over the first half of 2020/21, SSE Business Energy was able to make good progress with its smart meter roll out programme, enabling more customers to manage energy use and potentially cut down on consumption.

155,595

SSE Business Energy smart meter operating volume (gas and electricity)**

At 30 September 2020, SSE Business Energy held 155,595 smart meters**. In August 2020, in partnership with installation partner SMS Plc, SSE Business Energy became the first UK energy supplier to fit a three-phase SMETS2 smart meter at a UK commercial property. Availability of the new technology being pioneered by SSE Business Energy means that hundreds of thousands of Britain's businesses which are connected to three phase power can now enjoy the benefits of smart meters for the first time.

* SSE's total renewable generation for the Group includes SSE Renewables total generation output of 4,008GWh (inc. pumped storage (68GWh) and constrained off wind in GB (223GWh)) and a further (22GWh) of output from biomass (which sits within SSE Enterprise).

**SMETS1, SMETS2 and AMR meters.

INVESTING IN INDUSTRY, INNOVATION AND INFRASTRUCTURE

Investing in a green recovery

SSE has taken a leading role in making the case for a green-led recovery from the coronavirus pandemic. In May and August SSE published its 'greenprint' reports in the UK and Ireland, proposing five-point action plans for the respective governments to support an accelerated green recovery from the pandemic. It also joined other businesses in calling for the UK Government to deliver a clean, inclusive and resilient coronavirus recovery.

In support of this green recovery, SSE made progress in the first half of 2020/21 on its £7.5bn investment plan to March 2025. Full detail is provided in SSE's Half-year results presentation 2020/21, available at sse.com/investors.

Progressing the Shetland transmission link

SSEN Transmission has recently started construction on the 600MW Shetland high-voltage direct current (HVDC) transmission link, which was approved by Ofgem in July 2020. The link will connect Shetland to the GB mainland for the first time and will facilitate the connection of renewable electricity developments on Shetland, as well as supporting its future security of supply needs. It will also enable a 'whole system' approach to decarbonising Shetland's economy, supporting the transition to low-carbon heat and transport.

600MW

Capacity of the Shetland transmission link which has recently entered construction

Powering progress with Keadby 2

With increasing renewable generation on the electricity grid, SSE's flexible thermal gas-fired power stations have a key role to play in providing balancing services. Construction of SSE Thermal's £350m, 893MW CCGT at Keadby 2 in Lincolnshire progressed well over the first half of 2020/21 despite challenges posed by the coronavirus pandemic, which resulted in works being temporarily suspended until heightened safety measures could be put in place in partnership with Tier 1 contractor, Siemens Energy.

Once complete, the project will be cleanest and most efficient gas-fired power station in Europe, helping the UK to move away from older, more carbon-intensive generation in the decades ahead. It will also make a significant economic contribution, with the recently published 'Powering progress' report showing that, over the lifetime of the project, more than £1bn is expected to be added to the UK economy, with an estimated 550 jobs supported across the country on an annual basis during its operational life.

£1bn

Estimated contribution to the UK economy from the Keadby 2 CCGT

Driving the transition to electric vehicles

Over the first half of 2020/21, SSE continued to work towards its EV100 commitment to electrify its vehicle fleet. The launch of the revised car scheme was completed as planned, which focussed on the lowest emissions cars, including fully electric cars being available across all car bands. This has resulted in the volumes of fully electric vehicles on fleet increasing to 81 from 9 in the previous year. The availability of fully electric and Plug-In Hybrid cars has meant that as at the end of September 2020 96% of the cars on order can run on alternative fuels with the average CO₂ for those on order reducing from 96g/km prior to revised scheme launch, to an average of 17g/km.

It has also been trialling its first electric vans, which are working in a wide variety of operational roles and conditions, including in diverse and difficult environments of SSE's hydro and onshore wind farm sites. In these more rural locations the trials have highlighted challenges in their use, with the main issues arising being around reduced battery life when operating in hilly terrain and colder weather conditions. The vans are now being used at more suitable sites and SSE has expanded the trials across its Distribution, Transmission and Thermal businesses. SSE is continuing trials as new electric vans come to the market and working closely with vehicle suppliers who are developing suitable vehicles that would meet the demands of the challenging environments SSE operates in. Additionally, SSE has taken delivery of one of the first 16-seater pure Electric Minibuses in operation which will be used across community projects as well part

of COP26 which SSE is a key sponsor. To support its commitments SSE has increased its charging infrastructure to over 150 charge points across SSE properties with plans to increase to over 300 by the end of 2021.

Understanding the transition to EVs

Project LEO is one of the most ambitious and comprehensive smart grid trials ever undertaken, and its holistic nature seeks to facilitate a broad range of challenges, one of which is the increase in electric vehicle uptake. Over the first half of 2020/21, SSEN Distribution continued to progress the project with its partners and trials are now underway that allow the controlled management and monitoring of low-carbon technologies' impact on the network through testing a range of scenarios likely to arise in the transition to a smarter electricity system.

SSEN Distribution also launched the Local Electric Vehicle Energy Loop (LEVEL) project as part of the Scottish Government's Strategic EV Partnership. LEVEL is an 18-month project which will identify ways to improve network and charging resilience to meet short-term demand by developing the standard and specification of temporary, portable EV charging devices.

Digital innovation in SSE Renewables

Digital innovation will be key in supporting the delivery of SSE Renewables' ambitious growth plans. As a result, it has been developing a digitalisation vision which will see it deploy and embed digital innovation across its business activities from project development and construction, through to operation and maintenance.

Over the first half of 2020/21, work has progressed with digital innovation and sustainability partners to complete various trial projects, including: species recognition and monitoring for advanced environmental management of operational assets (see page 3); field service monitoring to ensure the safety of remote personnel whilst working on wind farms; hydro catchment monitoring using satellite imagery to increase total hydro generation; and virtual/augmented reality technologies to undertake site inspection activities remotely.

COMMITTING TO DECENT WORK AND ECONOMIC GROWTH

Tax matters in a time of crisis

In October, SSE was reaccredited with the independent Fair Tax Mark for the seventh consecutive year and in November, SSE published its Talking Tax 2020 report, which provides enhanced disclosure on what taxes SSE pays and where it pays tax. SSE believes that the coronavirus pandemic presents an opportunity to rebase business tax regimes for the longer term and implement a tax regime that taxes all profits that are genuinely earned in the given country of operations. A tax regime that appropriately taxes activity can also be used to incentivise the companies who invest in assets and the jobs needed to 'build back better' and disincentivise polluting or unsustainable activities.



independently to around 15 workers on site; interviews with each member of SSE's Human Rights Steering Group and other relevant employees; and the desktop review of around 70 SSE documents which relate to human rights. The results and recommendations from the OPA will be used to develop SSE's action plan to mitigate human rights risk.

Driving opportunities in STEM

In August 2020 SSE launched a new pilot jobs programme to help recruit people into the industry in the wake of the coronavirus crisis, teaming up with STEM Returners to support people who have taken a career break or are looking to return to the sector. The 12-week programme will help people with STEM skills restart their career and all returners who take part will have the opportunity to gain a full-time position with SSE. The company has already announced over 1,000 new jobs since June as part of its £7.5bn investment programme over the next five years to spur a green recovery from the coronavirus pandemic. SSE estimates the wider energy industry will need to recruit around 200,000 people in the next decade to plug the skills gap and bolster the race to net zero.

1,000

New jobs created by SSE since June 2020

Taking care of ourselves and each other

Maintaining good mental health in times of uncertainty, social distancing and new ways of working has been one of the key challenges facing SSE's employees throughout 2020. SSE has used its partnership with Nuffield Health to give employees access to a range of resources to help take care of themselves while at home, including an emotional care guide, advice from physiotherapists and free access to the 'My Wellbeing' app which provides home workout videos and tailored programmes. SSE's priority for 2020/21 is to continue to support employees as they adapt to new working conditions and look after their mental health. In May 2020, SSE held an engagement survey (in addition to its annual Great Place to Work survey) seeking views on the company's response to coronavirus, emotional wellbeing and post-lockdown working practices. 71% of SSE's 12,000 employees responded to survey and the results

are providing invaluable employee insight that is being used to inform how SSE plans future ways of working, and how best to return employees to work in a safe, considered and phased way.

Understanding employee feedback

The main way SSE captures employee feedback is through its Great Place to Work survey, the most recent of which took place in September 2020. 82% of colleagues participated, including over 3,400 field and site-based colleagues and well over 6,000 currently working from home. Employee satisfaction is indicated through the sustainable engagement index score, which was 82% positive in 2020, up from 76% in 2019. Improvements were seen in seven out of eight topics and there was strong performance against many external benchmarks.

Though results remain positive during a period of change and uncertainty, three clear areas of improvement were identified: increasing understanding of the company's strategy; enhancing leadership visibility; and improving the reach of communications, particularly for those working in field and site-based locations. SSE will continue to monitor employee feedback carefully, especially during the current pandemic, to assess progress made with these areas of improvement and to consider further employee engagement.

Closing the opportunity gap

In October 2020, the Social Mobility Pledge published 'Social mobility and opportunity for all in a time of crisis', a report detailing SSE's wide range of social mobility initiatives and commitment to further action in the wake of the coronavirus crisis. SSE has stated its intent to help drive a green recovery by creating job opportunities that are accessible to everyone regardless of background.






The report was welcomed by the former Secretary of State for Education, Rt Hon Justine Greening, who leads the Social Mobility Pledge.



WORKING TOWARDS A JUST TRANSITION

A strategy for a just transition

SSE believes that a just transition for the energy sector can deliver opportunities, with private capital investment into renewables and supporting infrastructure that will create jobs and opportunities, and the demand for new skills. In response to a shareholder question at its AGM in August, SSE committed to publishing a statement on its Just Transition principles by November. The strategy is published alongside this statement and available on [sse.com/sustainability](https://www.sse.com/sustainability).

SSE'S 20 PRINCIPLES FOR A JUST TRANSITION				
TRANSITIONING INTO A NET-ZERO WORLD			TRANSITIONING OUT OF A HIGH-CARBON WORLD	
 <p>SSE'S PRINCIPLES FOR GOOD, GREEN JOBS</p>	 <p>SSE'S PRINCIPLES FOR CONSUMER FAIRNESS</p>	 <p>SSE'S PRINCIPLES FOR BUILDING AND OPERATING NEW ASSETS</p>	 <p>SSE'S PRINCIPLES FOR PEOPLE IN HIGH-CARBON JOBS</p>	 <p>SSE'S PRINCIPLES FOR SUPPORTING COMMUNITIES</p>
<ol style="list-style-type: none"> 1. Guarantee fair and decent work 2. Attract and grow talent 3. Value employee voice 4. Boost inclusion and diversity 	<ol style="list-style-type: none"> 5. 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. Support competitive domestic supply chains 10. Set social safeguards 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

COMMITMENT TO SUSTAINABILITY

Aligning to global frameworks

SSE has a long-standing approach to sustainability, which is centred around managing its key sustainability impacts in a way that creates and shares value with wider society. In order to understand and prioritise its material sustainability impacts, SSE is guided by external frameworks and benchmarking against best practice.

SSE's business strategy is aligned to the UN's SDGs, through which SSE believes it can make the most meaningful contribution to sustainable development. SSE also upholds the Ten Principles of the United Nations Global Compact (UNGC), focused on environment, human rights, labour and anti-corruption, embedding them into its approach to business. SSE is a signatory to the UNGC and reaffirmed its support in August 2020 by delivering its second annual Communication of Progress.

Proactively engaging with ESG ratings

In the first half of 2020/21, SSE continued to engage keenly with environment, social and governance (ESG) ratings providers, which provide its stakeholders with useful tools with which to benchmark its sustainability performance against its peers. SSE increased its engagement through responding to the Corporate Sustainability Assessment (CSA) for the first time in July 2020. The CSA, which is now issued by S&P Global, is an annual evaluation of companies' sustainability practices. Each year the CSA assesses over 7,300 companies around the world and is the database underlying some key global sustainability indices. The CSA results will be published in November 2020.

More detail of the various ESG ratings and indices that SSE engages with can be found on page 13 of its Sustainability Report 2020.

