

SUSTAINABLE PROCUREMENT CODE

Supplier Guidance



ABOUT THIS GUIDANCE

SSE considers sustainable procurement as a vital tool in managing risks, maximising opportunities, assessing value and monitoring performance, while enabling stronger relationships with its supply partners. As a minimum, SSE expects all suppliers and contractors to comply with local laws and regulations. Where relevant and appropriate, it also expects the values and standards outlined in the [Sustainable Procurement Code](#) to be shared by those working in its supply chain.

This Supplier Guidance accompanies SSE's Sustainable Procurement Code by providing further information to suppliers and contractors on how to meet the sustainability requirements and expectations outlined in the Code. This Guidance also explains how SSE intends to work with suppliers to monitor and improve performance.

Requirements on suppliers and contractors will be determined by the contract size and nature, and clearly outlined when tendering for work with SSE.



Definitions:

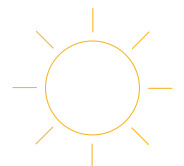
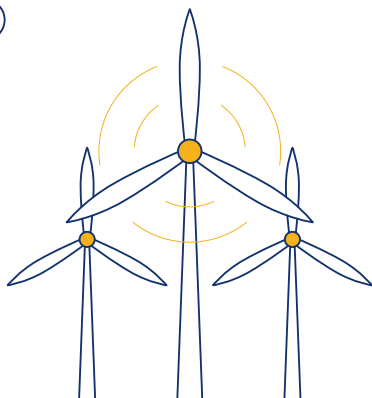
- **'Supplier'** and **'contractor'** refers to all organisations within SSE's supply chain which provide goods, works, services, or utilities in return for payment.
- Where suppliers and contractors are **'required'**, this is a minimum standard or action which must be met by the supplier or contractor. Evidence of compliance must be provided to SSE if requested.
- When **'encouraged'** is used, this indicates an aspirational action where SSE would like to see progress.

SUPPLY CHAIN SUSTAINABILITY SCHOOL

SSE is a proud partner of the Supply Chain Sustainability School, a collaboration between companies who have a mutual interest in building sustainability expertise and practices within their organisations and throughout their supply chain.

Organisations can access the School's wide range of guidance, resources and CPD accredited training materials completely free of charge. SSE is using its partnership with the School to support its supply chain partners to mature their sustainability approach and may require suppliers and contractors to undertake training modules, attend training workshops, implement measures and access resources provided through the school where relevant.

More information about the Supply Chain Sustainability School and the free resources available can be found on its website [Supply Chain Sustainability School](#).



TAKING CLIMATE ACTION



Carbon reduction

Suppliers and contractors are:

- required to actively reduce the carbon emissions across the whole life cycle of goods, works and services and offer low-carbon design alternatives when possible. Suppliers are also expected to quantify the embodied carbon in key assets and equipment for SSE such as electrical equipment, civil work and structural materials and, where possible, propose low-carbon alternatives.
- required to report annually on scope 1 and 2 GHG emissions in line with recognised frameworks and standards (such as the GHG protocol in the UK Government's environmental reporting guidelines).
- required to have carbon data externally validated to recognised standards (such as ISO14064 and ISAE3000) or by equivalent credible accredited third parties.
- encouraged to complete the annual [CDP Climate Change Programme](#), if requested by SSE.
- required to provide carbon reporting for SSE sites, if requested by SSE.

Decarbonising the supply chain

Suppliers and contractors are:

- required to have a net zero carbon reduction strategy and associated commitment or target in place, which is in line with climate science.
- encouraged to have validated science-based carbon reduction targets with an external validation body (such as [Science Based Targets initiative](#) (SBTi)) or equivalent. Where contracts with SSE are of a significant value, this will be a requirement. In these cases, SSE will work with suppliers and contractors to support the setting of science-based targets.
- required to provide carbon reporting for SSE sites, if requested by SSE.

Climate adaptation

Suppliers and contractors are:

- required to strengthen their resilience and adaptive capacity to climate related hazards and natural disasters.
- required to actively reduce impacts of climate change (i.e. physical acute and chronic impacts of climate and weather) on goods, works and services by offering climate resilient design alternatives where possible".
- required to provide evidence of climate adaptation strategy, if requested by SSE.

PROVIDING AFFORDABLE AND CLEAN ENERGY



Delivery value for energy customers

Suppliers and contractors are:

- required to deliver the best value for money and work collaboratively with SSE to ensure it achieves the greatest all-round value from investments.
- encouraged to showcase new and innovative technologies that are capable of providing technical and commercial benefits to current and future projects.

PROTECTING THE NATURAL ENVIRONMENT



Environmental Management

Suppliers and contractors are:

- required to take appropriate steps to prevent environmental damage and always comply with legislative and regulatory requirements.
- required to be certified to ISO 14001:2015 or equivalent or demonstrably working towards such an accreditation.
- required to identify and minimise risks and have a robust strategy to minimise any impact on the environment when completing works.
- required to report any environmental incidents or permit breaches to SSE and where applicable to the Local Authority or relevant environment agency.
- required to comply with SSE's Environmental Management Systems (EMS), Environmental Procedures or plans.

Biodiversity

Suppliers and contractors are:

- required to work to protect the flora, fauna and habitats on SSE's sites, this includes complying with ecological regulations and mitigation requirements.
- required to aim to deliver no net biodiversity loss and where possible deliver biodiversity net-gain across SSE sites.
- required to be proactive in recognising and mitigating the ecological and biological risks and maximise the opportunities.

Water

Suppliers and contractors are:

- required to actively reduce the volume of water used on development and operational sites and, if requested by SSE, measure the embodied water in the products bought.
- required to adhere to environmental permits relating to water discharge and must not discharge or abstract without the necessary permissions in place.
- SSE encourages suppliers to be proactive in innovation of solutions to reduce water usage and consumption.
- encouraged to complete the annual [CDP Water Programme disclosure](#).
- required to provide reporting of water usage at a site level, if requested by SSE.

Responsible Sourcing

Suppliers and contractors are:

- required to source materials, products and services responsibly, using recognised industry standards.
- required to have in place a responsible sourcing practice/policy for goods procured (e.g. BES 6001 Responsible Sourcing of Construction Products, BS EN 8902).
- required to NOT use materials detailed in our Materials Black list unless evidence of a legal deviation can be provided.
- required, when supplying or utilising materials in SSE's Grey list, to demonstrate that all possible measures have been taken to avoid or reduce the use of these materials on SSE's sites and provide a responsible sourcing strategy for the specific materials.
- required to ensure that all conditions set out under the Materials Guidance section are met when supplying or utilising materials from SSE's Specific Materials lists and always comply with legislative and regulatory requirements.

Resource efficiency and waste

Suppliers and contractors are:

For goods, with an emphasis on the life cycle sustainability of the products,

- required to minimise the amount of raw materials, packaging and embedded carbon.
- encouraged to use environmentally 'benign' materials where possible.
- required to maximise the use of recyclates.
- required to maximise product life span and ease recycling at the end of life

For physical services, which includes the supply and installation of equipment and / or use of consumables,

- required to adhere to the above as per the 'For goods' section and in addition are;
- required to prepare a Site Waste Management Plan, identifying all waste streams, segregation arrangements, containers, and disposal / treatment routes.
- required to provide, volume and disposal route, reporting for waste on sites, if requested by SSE.

Energy Management

Suppliers and contractors are:

- required to take reasonable steps to reduce, where possible, energy use on sites for their direct operations and supply chains.
- required to be proactive in enabling energy efficiency on sites.
- required to have an energy management strategy in place (e.g. ISO 50001).
- encouraged to engage with SSE on innovative products that could contribute to a reduction in energy use.
- required to provide reporting of energy usage at a site level, if requested by SSE.

Air Quality

Suppliers and contractors are:

- required to use the best practical methods to reduce or prevent emissions to air when planning or carrying out activities.
- required to adhere to environmental permits relating to emissions to air and must not exceed permitted emissions without the necessary permissions in place.
- encouraged to be proactive in the innovation of solutions capable of reducing emissions to air.

COMMITTED TO DECENT WORK AND ECONOMIC GROWTH



Health and safety

Suppliers and contractors are:

- required to respect SSE's health and safety culture, which is underpinned by our safety family values, and where appropriate SSE will seek evidence that its suppliers are compliant.
- required to adhere to relevant HSE legislation where appropriate.
- required to ensure staff are competent and provide the work methods, risk assessment, tools and equipment necessary to achieve the highest level of health and safety performance.
- encouraged to adopt the SSE safety licence, "if it's not safe we don't do it" at a site level.
- required to provide reporting of accidents and incidents, when requested by SSE.

Modern slavery and human rights

Suppliers and contractors are:

- required to comply with relevant modern slavery laws and have a transparent, proactive and robust approach to tackling labour exploitation and human rights abuses within its supply chain or otherwise within its business.
- required to have carried out an assessment of risk of modern slavery in direct and supply chain operations and be acting to mitigate these risks.
- required to implement the requirements detailed within SSE's Modern Slavery Clause for direct and supply chain operations.
- required to have trained relevant employees on modern slavery risks and are encouraged to ensure their own supply chain has awareness of these risks too.
- required to ensure employees working on SSE's behalf have access to a means for reporting an actual or suspected instance or risk of slavery or human trafficking.
- required to report to SSE any actual or suspected instance of modern slavery or human rights abuses which could impact the company. This includes any instances linked to the supplier/contractor's direct operations or any instances linked to the supplier/contractor's supply chain operations when those activities are being carried out on behalf of SSE.

Ethics and culture

Suppliers and contractors are:

- required to have ethical business policies which demonstrate a commitment to doing the right thing and establishing a healthy business culture.
- required to comply with the principles of SSE's Code of ethics; [Doing the right thing](#).
- required to have in place, an employee code of conduct which defines acceptable behaviour and social norms.
- required to have in place a robust whistleblowing procedure which gives all employees access to an anonymous channel to report wrongdoing fraud or malpractice without impunity of fear of repercussion.

Corruption and financial crime prevention

Suppliers and contractors are:

- required to implement the requirements detailed in SSE's Anti-Corruption and Bribery Clause.
- required to implement controls and strategies to manage the risks and to comply with legal and regulatory obligations and reporting requirements relating to corruption.

Employee voice

Suppliers and contractors are:

- required to have policies in place which cover the right to collective bargaining and freedom of association for workers.
- encouraged to seek direct feedback and engage with employees on topics which are important to them, for example through employee engagement surveys.

Inclusion and diversity

Suppliers and contractors are:

- required, as a minimum, to respect the people they employ directly or indirectly and offer a safe workplace that is free from discrimination, harm, intimidation, harassment or fear.
- encouraged to promote greater inclusion and the benefits that increased diversity brings to the workplace.

Prompt payment

Suppliers and contractors are:

- required to adopt an approach which provides all parties with quick resolution of invoices and ensure

queries or issues are managed effectively.

- required to pay suppliers within their contractually agreed time frame.
- encouraged to follow the principles of the UK's [Prompt Payment Code](#).

Community engagement

Suppliers and contractors are:

- encouraged to form positive local relationships so that any issues can be resolved constructively and the direct benefit from significant capital investments can be shared with local communities.
- encouraged to contribute to the community through donations, investments and volunteering initiatives.
- encouraged to be a signatory to the [Considerate Constructors Scheme](#) (CCS).
- required to provide reporting of community contributions, if requested by SSE.

Payment of fair tax

Suppliers and contractors are:

- required to abide by applicable tax laws.
- encouraged to become an accredited Fair Tax Mark company and implement the Fair Tax Mark standards.

The real Living Wage

Suppliers and contractors are:

- required to pay the real Living Wage, as set by the UK's Living Wage Foundation, to all employees contracted or subcontracted on behalf of SSE in the UK, subject to the conditions outlined in SSE's Living Wage Clause. Evidence of compliance with SSE's Living Wage Clause may be requested, and suppliers/contractors should cooperate in good faith with all reasonable requests made by SSE for information. They should allow for, and contribute to, audits and inspections to demonstrate compliance if required.
- required to resolve any instances of non-compliance in accordance with SSE's instructions, where these are issued, which shall include backdating any applicable payments.
- encouraged to pay all employees and contractors in Ireland the Irish Living Wage as set by the [Irish Living Wage Technical Group](#)
- encouraged to become Living Wage accredited employers through the [UK's Living Wage Foundation](#).

Local supply chains

Suppliers and contractors are:

- required to have measures in place to maximise opportunities for local, people, supply chains and economies surrounding SSE sites. There may be a requirement to provide evidence of site-specific plans to SSE.
- encouraged to use the [Open4Business](#) web-sourcing portal to advertise all appropriate subcontractor and supplier opportunities relating to SSE sites.
- required to provide details of spend with local suppliers and subcontractors, when requested by SSE ("Local" is defined as either, within a 50-mile radius of the site or the Local Authority area, unless otherwise defined by SSE)
- required to provide reporting of attributed spend with Small Medium Enterprises (SMEs), if they are not categorised as "Small" or "Medium"- sized Companies, if requested by SSE.

Skills development and learning

Suppliers and contractors are:

- required to have in place education and employability programmes which promote the development of employee skills as well as local employment, including graduate programmes and apprenticeships.
- required to provide reporting of training and apprenticeships programmes, if requested by SSE.
- encouraged to have an awareness of [The Skills Accord](#), developed and led by the Energy & Utilities Skills Partnership with the aim of creating a sustainably skilled sector workforce.

INVESTING IN INDUSTRY, INNOVATION AND INFRASTRUCTURE



Innovation and technology

Suppliers and contractors are:

- encouraged to include innovative technology solutions, where applicable, in tender proposals and utilise green technologies on site to improve efficiencies and reduce negative impacts on the environment.

Decarbonising transport

Suppliers and contractors are:

- encouraged to offer low-carbon alternatives to petrol and diesel vehicles in tender proposals and utilise EV's on SSE sites where possible.
- encouraged to join EV100, the Climate Group's initiative to support the electrification of road transport.

MATERIALS GUIDANCE

The Materials Black List

The following list of materials must not be used on any SSE sites unless there is a validated Legal deviation in place.

Asbestos, Cadmium, Chlorinated polyethylene and chlorosulfonated polyethylene (CSPE), Chlorofluorocarbons (CFCs), Chloroprene (neoprene), Formaldehyde (added), Halogenated flame retardants, Hydrochlorofluorocarbons (HCFCs), Mercury, PCB's (polychlorinated biphenyls), Petrochemical fertilizers and pesticides, Phthalates, Polyvinyl chloride (PVC), Materials containing micro bead plastics, Wood treatments containing creosote and arsenic or pentachlorophenol.

The Materials Grey List

The use of the following materials has been identified as harmful to the environment and living creatures and should be avoided or, where no alternative can be sourced, should be minimised on all SSE sites.

Single use plastics, fibreglass, Volatile organic compounds (VOCs), Cadmium, cement and virgin aggregates, Halogenated flame retardants (HFRs), scarce minerals, Lead, Polyvinylidene Chloride (PVDC), Mercury, fibreglass, lead (added), Silica and Cement.

The following minerals are classified as rare, scarce or have an environmentally harmful extraction and refining process. Where these minerals are required every effort must be made to utilise recycled material and a responsible sourcing strategy must be in place for the extraction of new minerals.

lithium, nickel, manganese, rare earths (neodymium and dysprosium), cadmium, indium, gallium, selenium, silver, tellurium, aluminium, zinc, silicon, nickel, cobalt, iron, chromium, graphite, titanium, molybdenum and copper.

The Specific Materials List

Where the following materials are required on SSE sites suppliers and contractors must ensure that the below conditions are met.

All timber and timber products should be sourced from legal and sustainable sources, certified under the Forest Stewardship Council ("FSC") or Programme for the Endorsement of Forest Certification ("PEFC")

SSE expect all steel and steel products to be sourced and produced responsibly, suppliers and contractors should have in place a responsible sourcing practice/policy. (e.g. BES 6001 Responsible Sourcing of Construction Products or CARES Sustainable Constructional Steel Scheme).

All aluminium should be sourced and produced responsibly, SSE expect aluminium to be sourced via the Aluminium Stewardship Initiative (ASI).

SUPPORTING DOCUMENTS AND RESOURCES

SSE Links

- [Sustainable Procurement Code](#)
- [Annual Report 2020](#)
- [Sustainability Report 2020](#)
- [Supporting a Just Transition](#)
- [Modern slavery statement 2020](#)
- [Doing the right thing](#)
- SSE Group Procurement Policy
- [SSE Group Human Rights Policy](#)

External Websites

- [Climate Change Programme](#)
- [CDP Water Programme disclosure](#)
- [Science Based Targets initiative](#)
- [Prompt Payment Code](#)
- [Considerate Constructors Scheme](#)
- [Living Wage Foundation](#)
- [Irish Living Wage Technical Group](#)
- [Open4Business](#)
- [Supply Chain Sustainability School](#)
- [The Skills Accord](#)

