

# SUSTAINABLE PROCUREMENT CODE



## ABOUT THIS CODE

SSE's supply chain enables it to deliver its business strategy and create value. SSE therefore aims to work with suppliers and contractors to ensure its key values are supported, managed and, where possible, improved through stronger relationships, innovation and enhanced management of shared risks and opportunities.

This Sustainable Procurement Code outlines the expectations and requirements on SSE's suppliers and contractors, and their supply chains, when undertaking work on SSE's behalf. This goes beyond just complying with local laws and regulations and respecting internationally recognised human and labour rights: SSE also expects values and standards around sustainability and fairness to be upheld by those working in its supply chain.

This Code is supported by a [Supplier Guidance document](#) which provides greater detail on how these requirements and expectations should be implemented by suppliers and contractors. Suppliers and contractors should be aware that SSE may require measurement, reporting and evidence of how they are meeting the expectations and requirements outlined within this Code.

## ABOUT SSE

SSE plc is a UK-listed energy company that operates throughout the UK and Ireland. It is involved principally in the generation, transmission and distribution of electricity; and also in the supply of energy and related services to customers.

SSE's purpose is to provide energy needed today while building a better world of energy for tomorrow and its vision is to be a leading energy company in a net-zero world. To achieve this, SSE's strategy is to create value for shareholders and society in a sustainable way through the successful development, efficient operation and responsible ownership of energy infrastructure and businesses.

SSE has set four core business goals for 2030, directly aligned to the UN's Sustainable Development Goals (SDGs) most material to its business. Its 2030 Goals address the challenge of climate change at their core, ensuring SSE does this in a sustainable way that creates and shares value with shareholders and society.

SSE is also a partner of the Supply Chain Sustainability School which provides completely free guidance and resources on a wide range of sustainability topics for suppliers and contractors.

SSE'S BUSINESS GOALS FOR 2030			
<p><b>Cut our carbon intensity by 60%</b></p>  <p>Reduce the carbon intensity of electricity generated by 60% by 2030, compared to 2018 levels, to around 120gCO<sub>2</sub>/kWh.</p> 	<p><b>Treble renewable energy output</b></p>  <p>Develop and build by 2030 more renewable energy to contribute renewable output of 30TWh a year.</p> 	<p><b>Help accommodate 10m electric vehicles</b></p>  <p>Build electricity network flexibility and infrastructure that helps accommodate 10 million electric vehicles in GB by 2030.</p> 	<p><b>Champion Fair Tax and a real Living Wage</b></p>  <p>Be the leading company in the UK and Ireland championing Fair Tax and a real Living Wage.</p> 

## SPEAKING UP AGAINST WRONGDOING AND VIOLATIONS OF THIS CODE

SSE's [Doing the Right Thing guide to good business ethics](#) is a general guide which supports the adoption of the right values, attitudes and behaviours to contribute to an ethical business culture at SSE. The information within the guide applies to all SSE employees, as well as people employed by other organisations to work on SSE's behalf.

The guide covers a wide range of topics, from human rights and modern slavery, to managing data and cyber security. Suppliers and contractors should familiarise themselves with this guide and SSE's expectations for ethical business behaviour.

Speaking up against wrongdoing is a key element of SSE's approach to good business ethics and doing the right thing. Detailed information on how to speak up can be found in SSE's Doing the Right Thing guide to good business ethics.

Anyone who believes that an SSE employee, or anyone working on behalf of SSE, has engaged in wrongdoing should report the matter immediately. This can be done by emailing SSE's independent speak up channel. SafeCall, at [sse@safecall.co.uk](mailto:sse@safecall.co.uk) or SSE's Security and Investigations team at [speakup@sse.com](mailto:speakup@sse.com) or by reporting instances of criminal behaviour to the relevant authority.

Suppliers, contractors and those working on their behalf should report any specific potential violation of this Code to [sustainablesuppliers@sse.com](mailto:sustainablesuppliers@sse.com). A supplier's relationship with SSE will not be affected by an honest report of potential misconduct.



# || FOREWORD



The business activities of SSE have never felt so important. While the responsibility to provide electricity to millions of homes and businesses in the UK and Ireland has always been important, the urgency of climate change gives added impetus. Our business purpose and our strategy are wholly focused on providing the low carbon electricity infrastructure to create a net zero electricity system and avoid the worst effects of climate change.

While SSE directly employs many thousands of people and has a £7.5bn investment programme over 2020 to 2025, I know we have little chance of achieving our business goals without the hard work and commitment of our supply chain partners. With over 10,000 suppliers on our books, and amongst them, companies we have worked closely with for many years, this Sustainable Procurement Code is designed to help current and prospective suppliers understand – and join – SSE’s strategy for sustainable growth.

## TAKING CLIMATE ACTION

First and foremost, an unwavering commitment to cut carbon emissions is something we would expect our supply partners to share. Reducing our carbon footprint, in line with science and consistent with a 1.5 degree world, is something we expect to be talking to suppliers for many years to come. The bottom line is that all our operations must be net carbon zero by 2050 at the latest and we – and our suppliers – need a plan of how we will get there.

## FAIRNESS TO PEOPLE AND COMMUNITIES

Secondly, the scale of the transformation to net zero – for both the economy and the country – means there are implications for people and their communities. Treating employees fairly, whether they are directly or indirectly employed is, of course, a fundamental principle for SSE. First class community relations underpin our development projects. The Code sets out in detail our ambitions for the careful and close management of any human rights risk and the importance of adhering to international standards on labour rights. Sharing economic prosperity with people close to our low carbon investments is also an area of increasing importance to us.

## DOING THE RIGHT THING

Finally, I want to reinforce our fundamental expectations of ethical business conduct. Quality supply relationships must be founded on integrity, honesty and mutual trust. That means there is zero tolerance in SSE of unethical business activity, and we would encourage any supplier to Speak Up in the event of wrong-doing.

I wouldn’t want our supply partners to consider the Sustainable Procurement Code as a tick-box exercise. Nor would I want this Code to be interpreted as a one-way exercise. In fact, I hope the exact opposite occurs and that the Code stimulates higher value discussions in our client-supplier relationships in the years and decades to come.



**Ronnie Fleming**

Director of Procurement & Logistics

# TAKING CLIMATE ACTION



SSE's strategy has addressing the challenge of climate change at its heart. Its focus on core businesses of renewable electricity generation and economically-regulated electricity networks, complemented by provision of electricity from thermal sources, allows SSE to realise the opportunities presented by the transition to net zero.

## Carbon reduction

SSE is committed to reducing the carbon associated with its operations. It seeks to become net zero across all of its operations by 2050 at the very latest and has set a series of interim Science-Based targets for the SSE Group as well as SSEN Transmission and Distribution.

## Decarbonising the energy supply chain

A core commitment amongst SSE's Science-Based Targets is to work pro-actively with its supply chain to set their own science-based targets so that 50% of its suppliers by spend will have a science-based target by 2024.

## Climate adaptation

SSE is mindful of the ways in which the physical impacts of climate change may impact its business in the future and has a number of mitigation measures in place to ensure business continuity.

## SUPPLIERS AND CONTRACTORS ARE EXPECTED TO:

- actively reduce the carbon emissions across the whole lifecycle 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.
- have a net zero carbon reduction strategy and associated commitment or target in place, which is in line with climate science.
- 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.

# PROVIDING AFFORDABLE AND CLEAN ENERGY



SSE has a key role in helping ensure energy is affordable, reliable and sustainable for all in the transition to net zero. With electricity generated from offshore wind now the cheapest source of electricity, SSE's 2030 Goal to treble its renewable energy output to 30TWh per annum supports the long-term affordability of electricity for end consumers across the UK and Ireland.

## Deliver value for energy customers

SSE seeks to deliver the best value and service for energy customers, ensuring that the transition to net zero is delivered in a way that represents value for money.

## SUPPLIERS AND CONTRACTORS ARE EXPECTED TO:

- deliver the best value for money and work collaboratively with SSE to ensure it achieves the greatest all-round value from investments.

# PROTECTING THE NATURAL ENVIRONMENT



Delivering SSE's strategy means protecting and enhancing the environment in which it develops, constructs and operates assets. SSE has identified SDG 12 Responsible consumption and production, SDG 14 Life below water, and SDG 15 Life on land as material to its business. SSE seeks to actively manage its environmental impacts, maximising positive impacts whilst minimising negative ones.

## Environmental management

SSE employs an environmental management system (EMS) across key areas of its business that interact with the environment. It is certified to ISO14001:2015 for selected operations, which includes its thermal and wholly-owned renewable energy generation activities and its electricity transmission business.

## Biodiversity

SSE seeks to protect and enhance valuable ecosystems, habitats and species within the areas it operates. SSE's transmission and renewables businesses have sector-leading commitments to deliver Biodiversity Net Gain on new projects from 2025.

## Water

SSE depends on water in many ways across its operations, from use in electricity generation to being used as an amenity in its buildings. While none of SSE's core operations

have an impact on water-stressed areas, SSE seeks to use water in a sustainable way and has committed to reduce its water use in buildings each year by 2.5%.

## Responsible sourcing

SSE understands and is concerned about the environmental and social risks of the materials it uses through its direct activities and supply chain. The effective management of these risks requires regular risk assessment and minimum requirements around the responsible sourcing of key products and materials are detailed in the [Supplier Guidance document](#).

## Resource efficiency and waste

SSE's seeks to minimise the negative impacts of its assets and activities through minimising resource use and waste production and selecting materials that have a sustainable lifecycle impact. SSE engages with the circular economy by using

reprocessed materials and ensuring its waste can readily be reused or recycled so far as is practical.

## Energy management

For a company like SSE it is crucial that the energy used in its operations is used efficiently, as such, it has a 2030 target to reduce carbon emissions from energy use in its offices and depots by 20% compared to a 2018 baseline. This is supported by investment in energy efficiency measures and the use of 100% renewable energy in its non-operational buildings. To further our commitment SSE is a member of the Climate Group's global EP100.

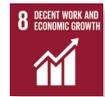
## Air quality

SSE continues to invest in operating practices and technologies that reduce or remove air pollutants and GHGs from its generation and operational processes.

## SUPPLIERS AND CONTRACTORS ARE EXPECTED TO:

- take appropriate steps to minimise the environmental impact associated with their works and comply with applicable legislative and regulatory requirements as a minimum. Key suppliers should be either ISO14001 or EMAS (The EU Eco-Management and Audit Scheme) accredited.
- protect, conserve the quality of local environments and, where possible, aim to deliver biodiversity net gain in collaboration with SSE on qualifying projects.
- actively reduce the volume of water used on development and operational sites and monitor and, in some cases, measure the embodied water in the products bought.
- source materials, products and services responsibly, using recognised industry standards. They must not use materials identified on [SSE's materials Blacklist](#) and only use materials on [SSE's materials Grey list](#) under mitigating circumstances with clear justification to SSE.
- use resources efficiently by using materials with sustainable lifecycle impact, utilising innovative designs and products with higher recycled or reused content and design products with an end of life use.
- take reasonable steps to reduce, where possible, energy use on sites through direct operations and their supply chains.
- use the best practical methods to reduce or prevent emissions to air when planning or carrying out activities.

# COMMITTED TO DECENT WORK AND ECONOMIC GROWTH



SSE's investments in the infrastructure that will enable a net zero energy system also stimulates economic activity that supports skilled, sustainable jobs. It is important to SSE that the social value of climate action is shared widely and that no harm is done to people or their communities as the energy sector transitions from high carbon activity to low carbon activity. Ensuring economic value is shared, will support the very investments that are required to deliver net zero.

## Health and Safety

At SSE if it's not safe, we don't do it. The safety, health and well-being of employees and the people who work on the company's behalf is SSE's first priority. Above all else, everyone should get home safe.

## Modern slavery and human rights

SSE has a zero tolerance of modern slavery in all its forms in its own business and supply chain. This means not using forced labour, servitude, slavery, human trafficking, debt bondage, forced or servile marriage, descent-based slavery or child labour, and the right to freedom of association and collective bargaining is respected.

## Ethics and culture

SSE believes that doing business ethically results in doing business better. This means it seeks to create a culture where decisions, attitudes and behaviours are determined by values as well as rules. SSE's employee guide to business ethics, Doing the Right Thing, outlines its approach and expectations in detail.

## Corruption and financial crime prevention

SSE has zero tolerance towards corruption, fraud and criminality (including financial crime), and the giving or receiving of bribes for any purpose. It seeks to minimise the Group's (including its directors' and employees') exposure to bribery, corruption and financial crime and maintain a culture where bribery or corruption is never acceptable.

## Employee voice

SSE respects the right of employees to join independent trade unions, have collective bargaining

agreements and freedom of association. It also seeks to have open and two-way dialogue with employees through a number of engagement channels.

## Inclusion and diversity

SSE is committed to promoting greater inclusion and diversity throughout its workforce and has done this through the implementation of an Inclusion Strategy, which focuses on bringing those from diverse backgrounds to come IN to the company, encouraging them to stay ON at SSE and supporting them to move UP. SSE does this by ensuring all processes, policies and procedures are inclusive by design and that inclusive behaviour is promoted through awareness campaigns and training. SSE reports extensively on its approach to inclusion and diversity.

## Prompt payment

SSE has voluntarily signed up to the obligations of the Prompt Payment Code which is accredited by the Institute of Credit Management. SSE is committed to the principles outlined within the Code and to the fair treatment of all suppliers.

## Community engagement

SSE's support to communities in the areas where it operates is long standing. Through a range of community investment and charitable giving programmes, SSE invests millions of pounds and euros across the UK and Ireland. It also has dedicated Community Liaison Managers who are employed to engage with community members close to its developments and assets.

## Payment of fair tax

One of SSE's 2030 Goals is to champion fair tax. It is a proud Fair Tax Mark accredited company and fully committed to paying the right amount of tax, in the right place, at the right time. SSE discloses extensively on its tax affairs and payment of taxes.

## The real Living Wage

SSE has been a UK Living Wage accredited employer since 2013, paying the voluntary real Living Wage rate to its employees and those that work regularly on its behalf in the UK. It also pays the Irish Living Wage to its employees in Ireland.

## Local supply chains

SSE is committed to ensuring that real economic and social benefits flow to local businesses as a result of its investment in new energy infrastructure throughout the UK and Ireland. It does this through engagement with its suppliers as well as government, regulators and trade unions.

## Skills development and learning

SSE invests millions of pounds each year in skills development and learning programmes to ensure employees have the skills needed to carry out their roles. SSE was also one of five companies to develop the industry-wide Skills Accord. The Skills Accord is designed to help address the sector-wide pressure on supply chain companies to drive sustainable skills development while remaining competitive, by promoting sustained investment in the technical and operational skills the sector needs most via procurement practices.

## SUPPLIERS AND CONTRACTORS ARE EXPECTED TO:

- respect SSE's health and safety culture, which is underpinned by our safety family values, and implement the highest of health, safety and wellbeing standards for workers.
- implement the requirements detailed within SSE's Modern Slavery Clause and have a transparent, proactive and robust approach to tackling labour exploitation and human rights abuses by understanding the risks, and taking action to mitigate these risks, in their direct and supply chain operations.
- where relevant, have robust policies in place which cover collective bargaining and wider fairness at work measures.
- as a minimum, respect the people they employ directly or indirectly and offer a workplace that is free from discrimination, harm, intimidation, harassment or fear. Beyond this, suppliers and contractors should take steps to encourage greater inclusion and diversity within their workforce.
- adopt an approach which provides all parties with quick resolution of invoices and ensure queries or issues are managed effectively.
- form constructive local relationships so that communities have the opportunity to directly benefit from significant capital investments.
- have robust ethical business policies and guidance in place which support the creation of a healthy business culture, in which employees feel safe to speak up about suspected incidents of wrongdoing without fear of repercussion.
- implement the requirements of SSE's Anti-Corruption and Bribery Clause and have controls in place to manage the risks and comply with legal and regulatory obligations.
- abide within both the spirit and letter of applicable tax laws and, where possible, to consider the standards of tax disclosure set by the independent Fair Tax Mark
- pay the real Living Wage, as set by the UK's Living Wage Foundation, to all employees contracted or subcontracted workers in the UK, subject to the conditions detailed within SSE's Living Wage Clause.
- have measures in place to maximise opportunities for local people and businesses close to SSE sites and the wider region.
- have in place education and employability programmes which promote the development of employee skills as well as local employment, including graduate programmes and apprenticeships.

## INVESTING IN INDUSTRY, INNOVATION AND INFRASTRUCTURE



Technology and innovation remain crucial to enabling a secure and affordable transition to net zero. SSE's 2030 Goal, linked to SDG 9, is to build electricity network flexibility and infrastructure that helps accommodate 10 million electric vehicles in GB by 2030.

### Innovation and technology

SSE seeks to work closely with its suppliers and contractors to develop innovative green technologies which support an increasingly smart electricity system.

### Decarbonising transport

The electrification of transport is a

core step in decarbonising the wider economy. SSE has an important role in enabling the roll out of electric cars, particularly in Great Britain, where its electricity networks must be flexible and resilient to manage significant new sources of electricity demand. Due to the importance of transport electrification, SSE is also

taking a leading role by providing a clear signal of demand to the automotive industry and by joining the EV 100 initiative, has committed to switch its 3500 vehicle fleet to electric by 2030.

## SUPPLIERS AND CONTRACTORS ARE EXPECTED TO:

- include innovative technology solutions, where appropriate, in tender proposals and utilise green technologies on site to improve efficiencies and reduce negative impacts on the environment.
- offer lower-carbon alternatives to conventional methods of transportation and utilise EVs when working for SSE where possible.

# A JUST TRANSITION TO NET ZERO



An increasing understanding and awareness about the social consequences of the transition to net zero means that SSE has identified SDG 10 Reducing Inequalities as material to its business. Ensuring net zero is delivered in a fair and just way, thereby avoiding future inequalities, is an increasingly important focus for SSE looking forward into the 2020s and beyond.

SSE has published a new Just Transition Strategy which details the 20 principles which SSE believes will help ensure the social value of getting to net zero is considered alongside the climate imperative. These principles seek to minimise the risk of negative social impacts from the transition, whilst seizing the social value opportunities of net zero.

SSE is in the process of implementing a new approach to capturing and creating social value as a result of its supply chain activities. Suppliers and contractors should therefore consider the social impact of their activities with SSE.

## SUPPORTING DOCUMENTS AND RESOURCES

### SSE Links

- [Sustainable Procurement Code: Supplier Guidance](#)
- [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](#)