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sse | For a better world of energy

POWERING **SUSTAINABLE CHANGE**

Virtual ESG seminar

September 2021

sse

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

AGENDA

SSE HOST
Rachel McEwen
Chief Sustainability Officer

ENVIRONMENT

SUSTAINABILITY AT SSE AND NET ZERO
Alistair Phillips-Davies
Chief Executive, SSE Group

TRANSMISSION RIIO-2 BUSINESS PLAN
Christianna Logan
Director of Customers and Stakeholders, SSEN Transmission

A RICH NATURAL HERITAGE
Andy Allan
Environment and Stakeholder Manager, SSE Renewables

SOCIAL

JUST TRANSITION TO NET ZERO
Rachel McEwen
Chief Sustainability Officer, SSE Group

FLEXIBILITY FIRST
Shirley Robertson
Head of Environment, Consenting and Sustainability, SSEN Distribution

SUSTAINABLE SUPPLY CHAINS
Chris Platts
Head of Procurement Operations ,SSE Group

GOVERNANCE

GOVERNANCE MATTERS
Sir John Manzoni
Chair, SSE Group

SUSTAINABILITY **AT SSE AND NET ZERO**

Alistair Phillips-Davies
Chief Executive
SSE Group

SSE: A PURPOSEFUL BUSINESS

Supporting the transition to net zero hardwired into our purpose, vision and strategy

OUR PURPOSE

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

OUR VISION

To be a leading energy company in a **net zero** world.

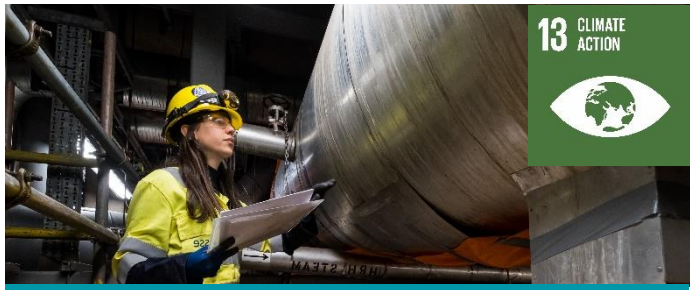
OUR STRATEGY

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

UN SDGS AND SSE'S 2030 GOALS

Creating value for shareholders and society

SUSTAINABLE DEVELOPMENT GOALS



Cut our carbon intensity by **60%**

Treble renewable energy output

Help accommodate **10m electric vehicles**

Champion **Fair Tax** and a real **Living Wage**

SSE'S ESG CREDENTIALS

Aiming for leading ESG performance

ESG Score: 63/100

Scored as 'Advanced'

Oct 2020

ESG Rating: AAA

In the top 8% of 139 global utilities

Sep 2021

Score: A-

Scored as 'Leadership' for climate change

Feb 2021

56/100

69th percentile ranking within the Electric Utilities industry

Nov 2020

ESG Risk Rating*: 30.1

In the 21st percentile in Electric Utilities subindustry

Apr 2021

Score: Top decile

In the top decile for disclosure in the WDI

Mar 2021

Included

Included in the index since 2018

Jan 2021

Included

Included in the index series since 2001

Jun 2021

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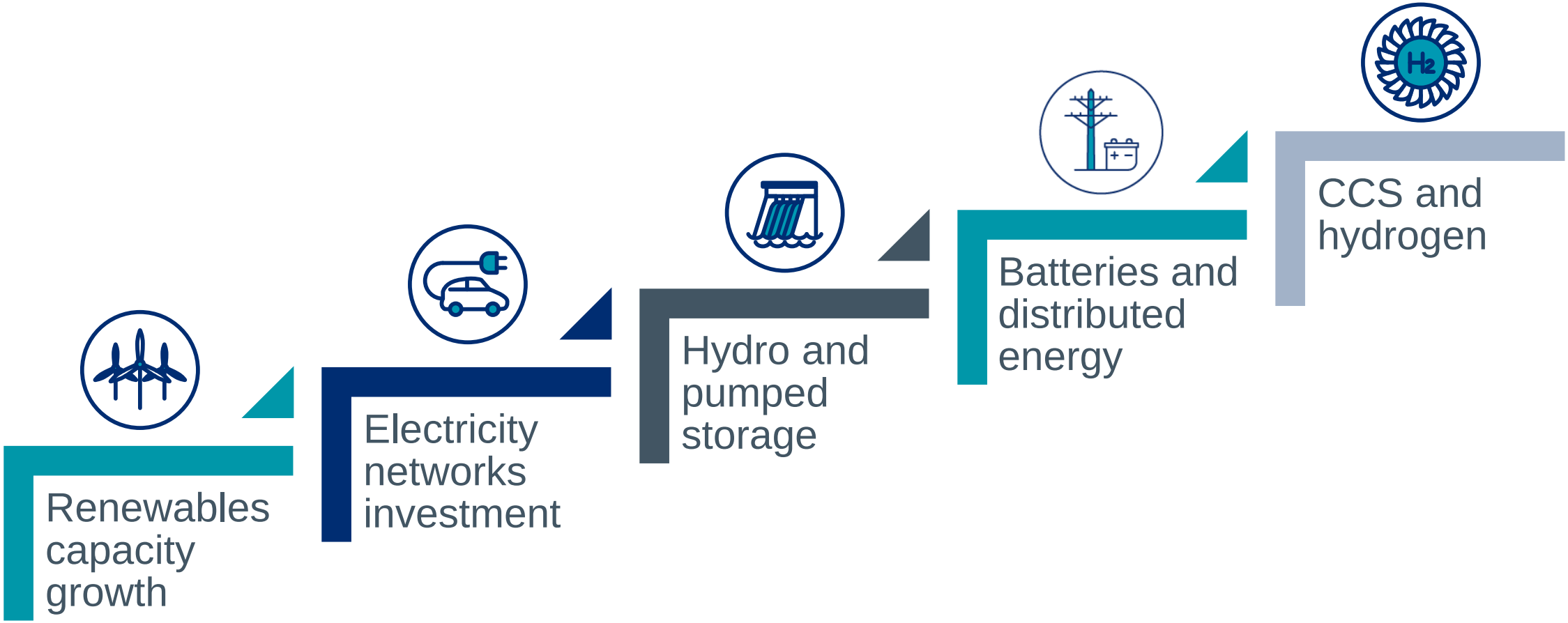
OPPORTUNITIES ON THE ROAD TO NET ZERO

A unique range of investment opportunities in net zero-critical technologies



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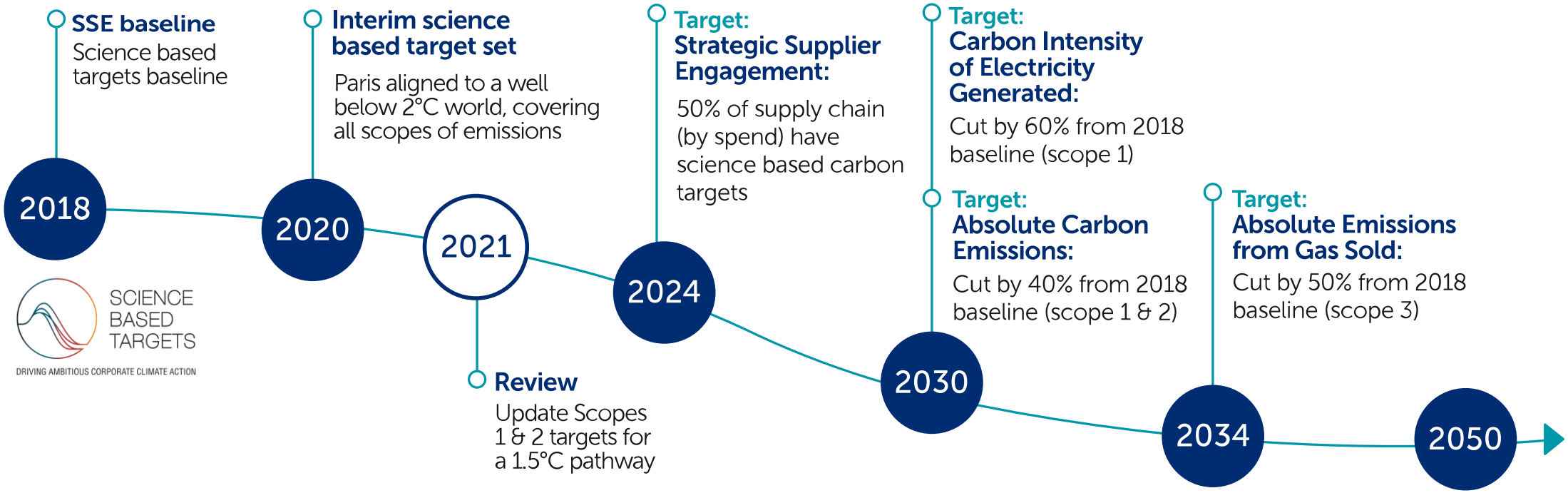
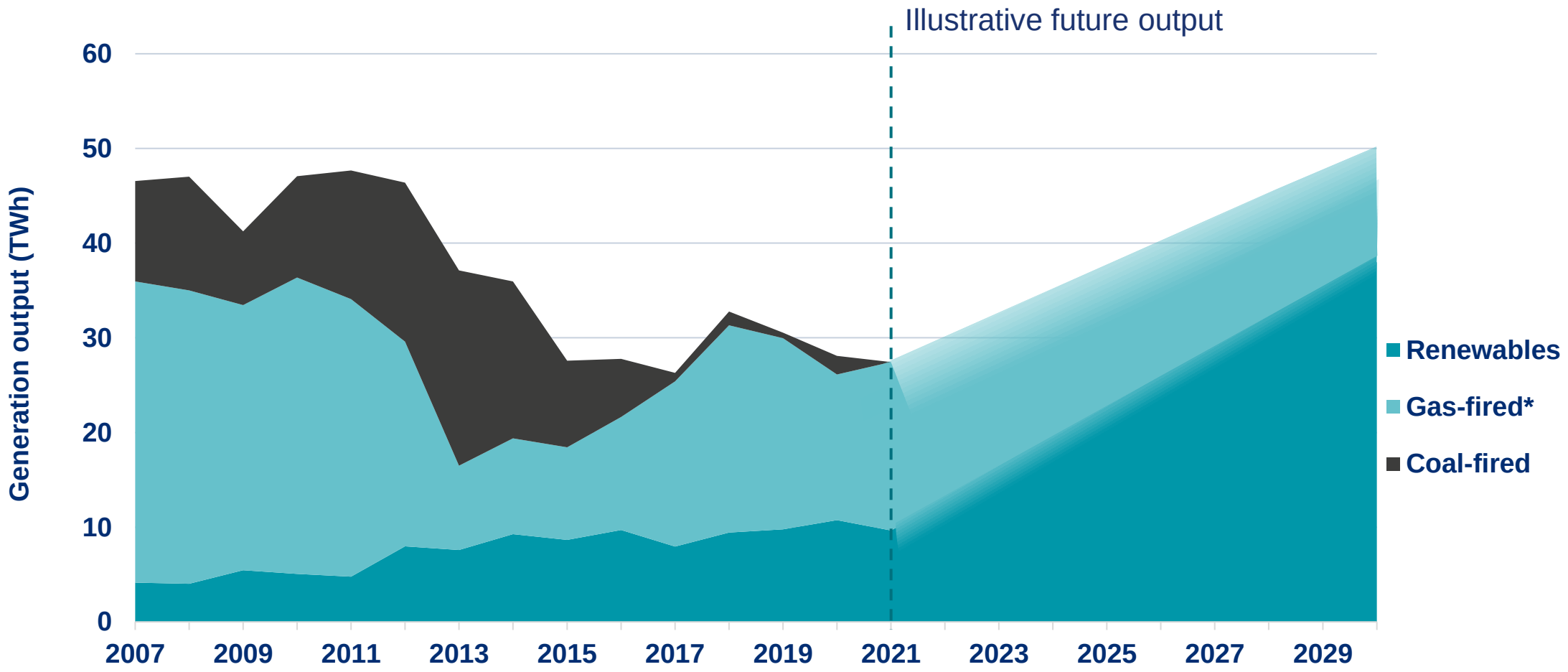
NET ZERO IN A NUTSHELL

Interim milestones on a pathway to net zero



DECARBONISING WITH THE LIGHTS ON

SSE's generation output by technology



*Gas-fired output includes small minority of oil-fired generation, represented c2% of Thermal output during 2020/21

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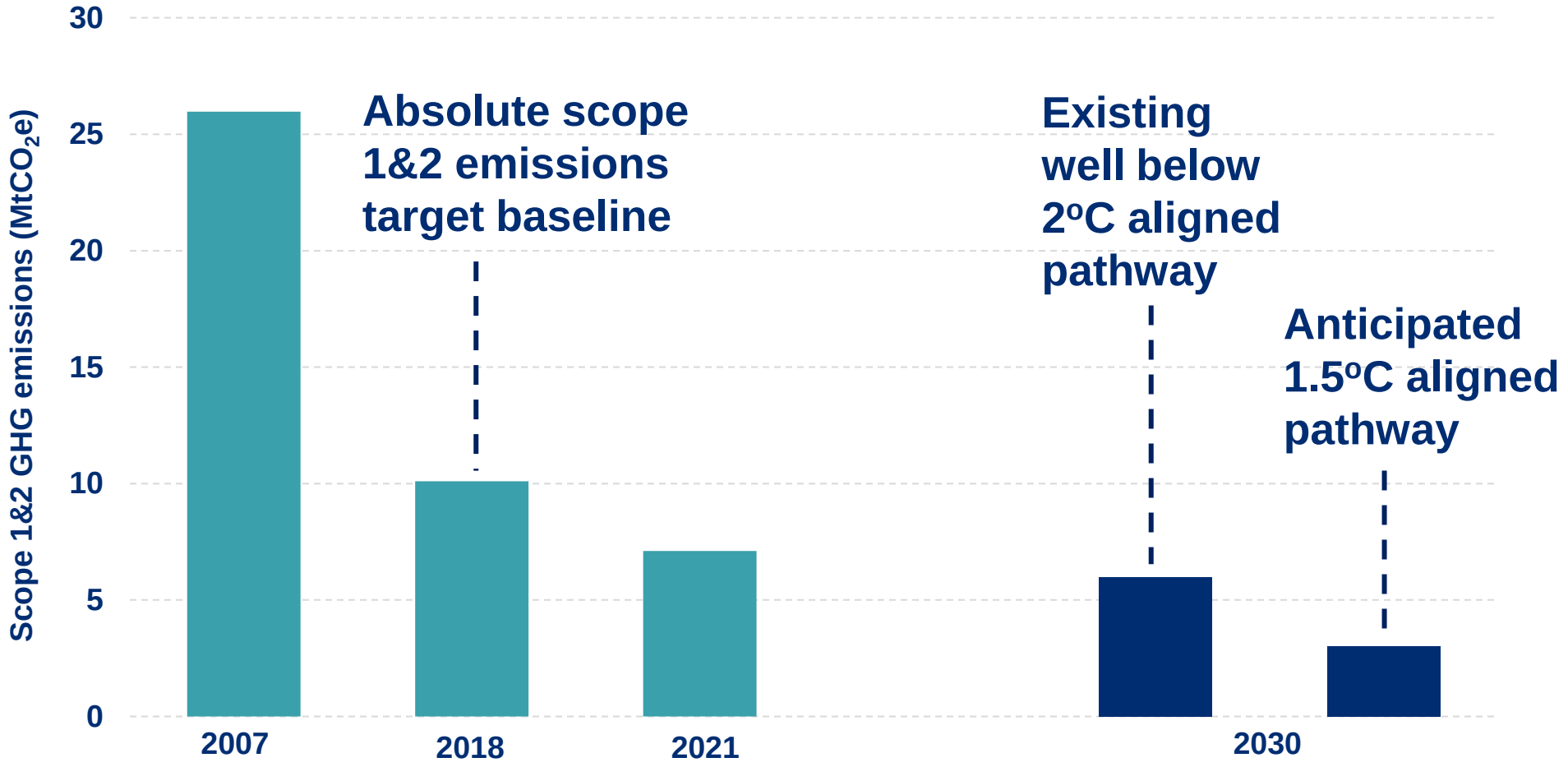
DECARBONISING WITH THE LIGHTS ON

SSE's absolute scope 1 and 2 GHG emissions



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TRANSMISSION **RIIO-2 BUSINESS PLAN**

Christianna Logan
Director of Customers and Stakeholders
SSEN Transmission

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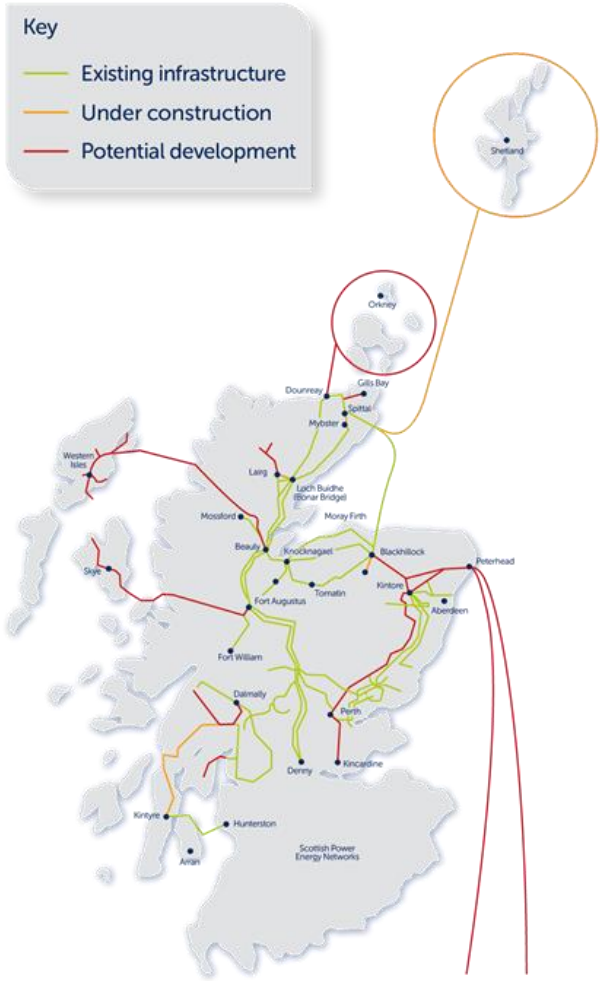
SSEN TRANSMISSION

The scale and the challenge



Stronelairg substation in the Scottish Highlands

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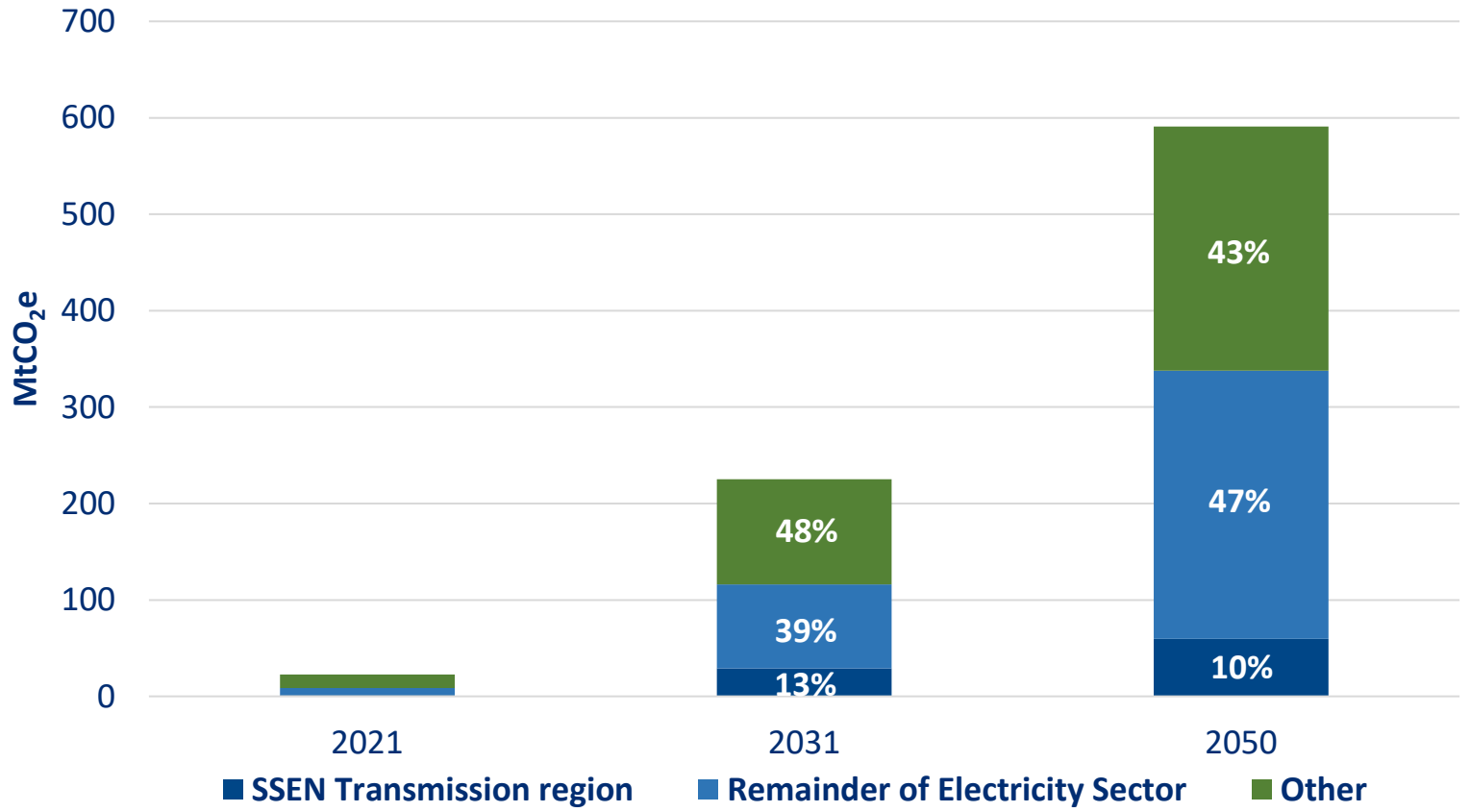
CONTRIBUTING TO NET ZERO

Electricity sector's contribution to net zero



In 2050 c.590 $MtCO_2e$ must be abated to achieve net zero

The electricity sector is responsible for 57% $MtCO_2e$ abatement in 2050

SSEN Transmission region electricity sector abating c.60 $MtCO_2e$ in 2050

Based on analysis by Committee on Climate Change 'Balanced Pathway' scenario and North of Scotland 'Green Economy' Future Energy Scenario

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SCIENCE BASED TARGETS

Aligned to the 1.5°C pathway

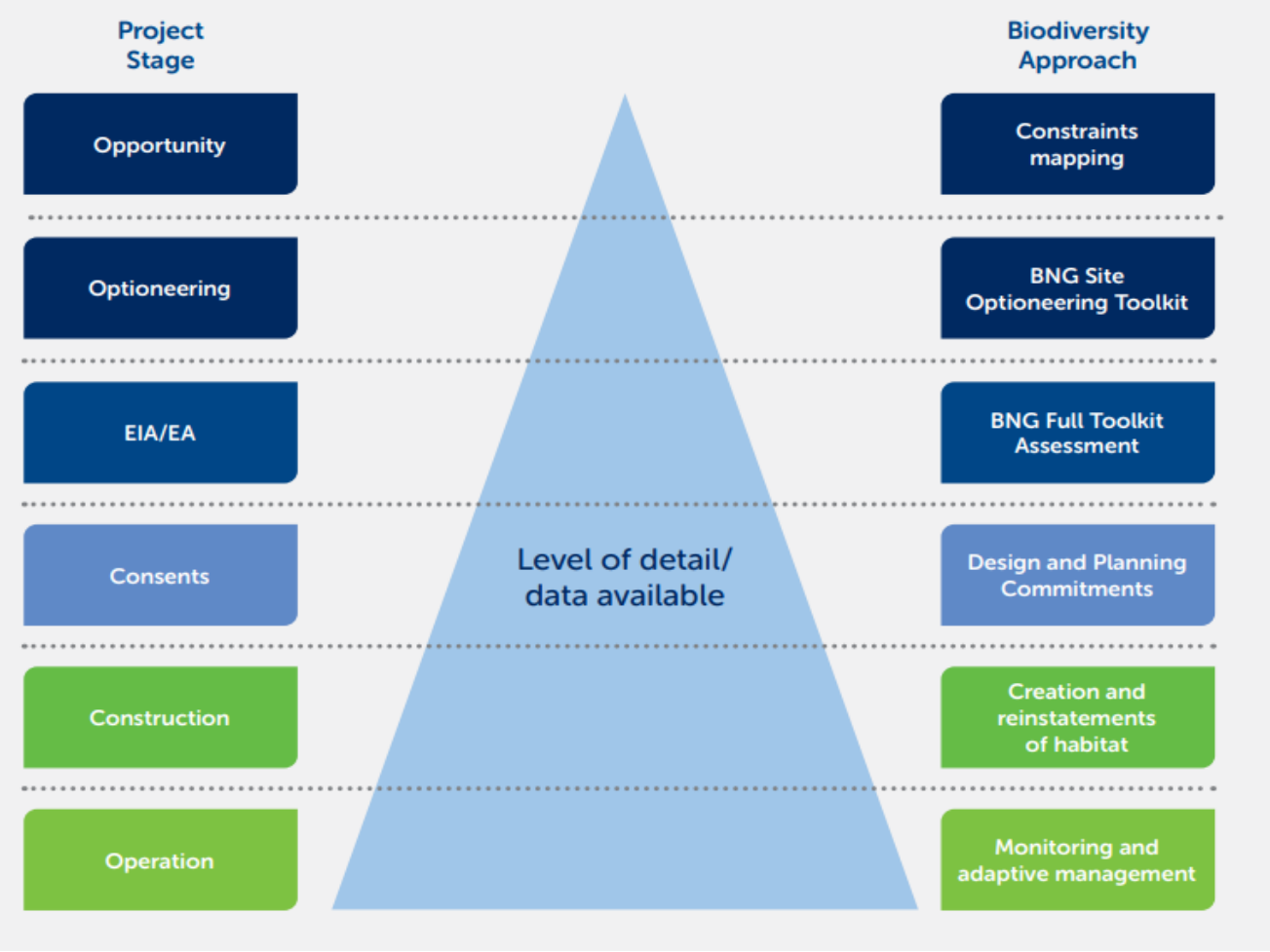
SSEN Transmission commits to:

- **Reduce absolute Scope 1 & 2 GHG emissions 46% by 2029/30 (2018 base) by**:
  - more energy efficient substations
  - replacing operational vehicle fleet with EVs and
  - tackling SF_6
- **Reduce Scope 3 Transmission Losses GHG emissions 50% per gCO_2e from losses/kWh by 2029/30 (2018 base) by**:
  - implementing a Transmission losses strategy and
  - connecting more renewable electricity to our network in the north of Scotland
- **Work closely with its supply chain so that two thirds (67%) of its suppliers by spend will have a science-based target by 2025.**

www.ssen-transmission.co.uk/riio-t2-plan/

BIODIVERSITY NET GAIN

Development that leaves biodiversity in a better state than before

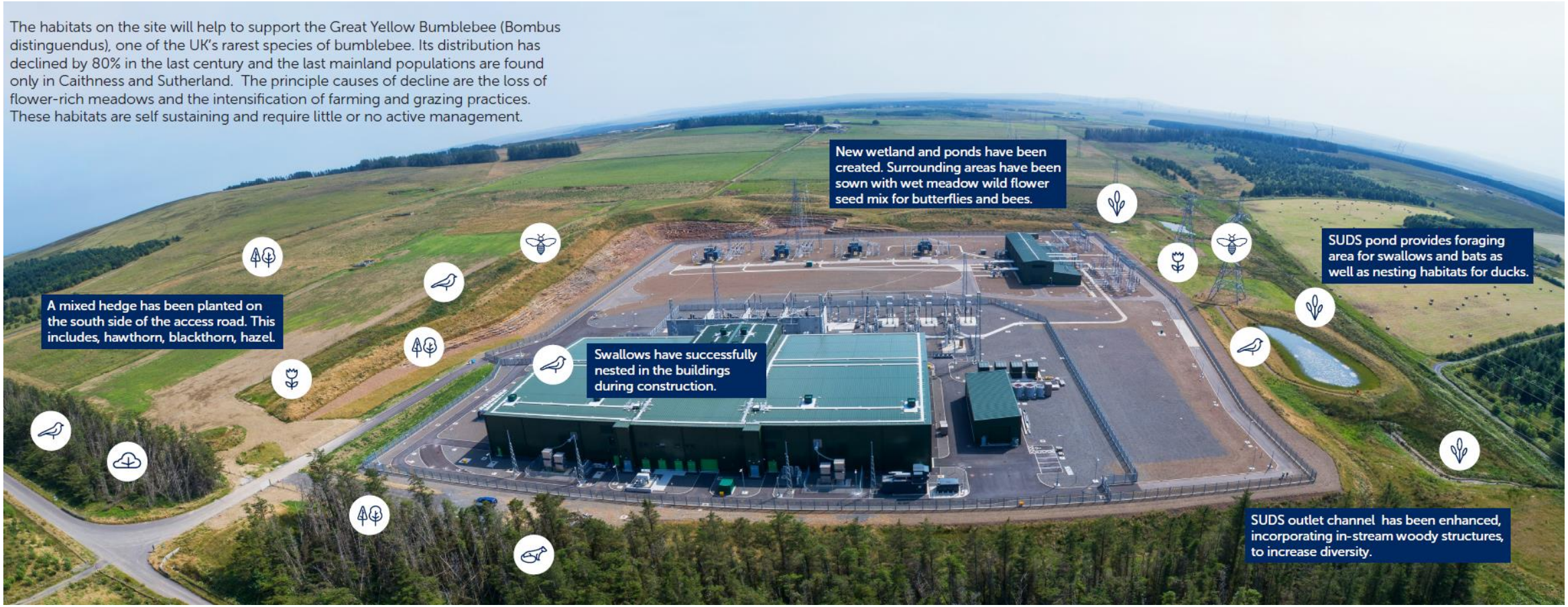


For new infrastructure projects:

- Achieve an overall '**No Net Loss**' on new infrastructure projects gaining consent **in 2020 onwards**
- Achieve an overall '**Net Gain**' on projects gaining consent in **2025 onwards**

SPITTAL SUBSTATION

Biodiversity Net Gain in action



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A RICH NATURAL **HERITAGE**

Andy Allan
Environment and Stakeholder Manager
SSE Renewables

SSE’S HYDRO HERITAGE

Responsible environmental management embedded at SSE

Responsible operation respecting and protecting the Environment

Dedicated **expertise** in the Business

Trusted **external stakeholder** partnerships

Great Glen Hydro Scheme in the Scottish Highlands

SSE'S EXPERIENCE

Translated to onshore wind farms

Dunmaglass peatland restoration before and after

SSE’S EXPERIENCE

Further translated to offshore wind farms

Responsible Environmental Management
Credible evidence-based analysis of environmental impacts.

Innovation and Collaboration
Trial new technological solutions.
Development of key indicator metrics.

Expansion of Accreditation
Working to expand ISO 14001 accreditation to offshore.

Passionate and Engaged Workforce
Talented multi-disciplinary team.

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JUST TRANSITION **TO NET ZERO**

Rachel McEwen
Chief Sustainability Officer
SSE Group

INTRODUCING SOCIAL IMPACTS

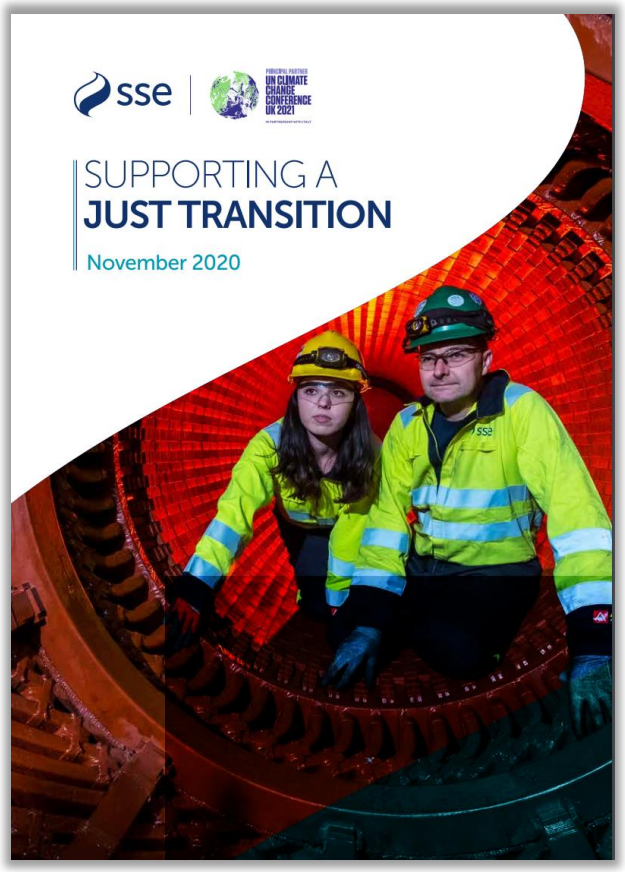
Principles for a Just Transition to net zero

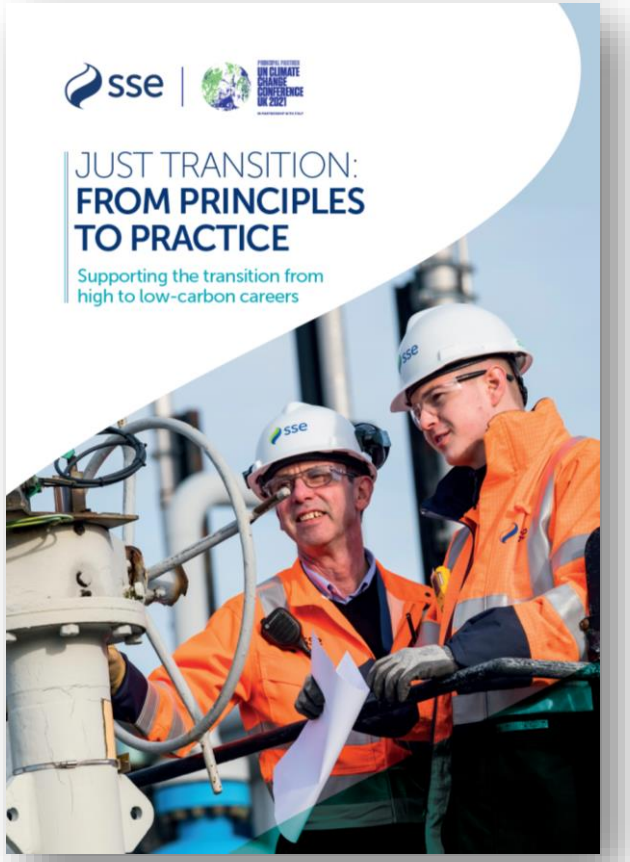
SSE'S 20 PRINCIPLES FOR A JUST TRANSITION

TRANSITIONING INTO A NET ZERO WORLD			TRANSITIONING OUT OF A HIGH-CARBON WORLD	
SSE'S PRINCIPLES FOR GOOD, GREEN JOBS	**SSE'S PRINCIPLES FOR CONSUMER FAIRNESS**	**SSE'S PRINCIPLES FOR BUILDING AND OPERATING NEW ASSETS**	**SSE'S PRINCIPLES FOR PEOPLE IN HIGH-CARBON JOBS**	**SSE'S PRINCIPLES FOR SUPPORTING COMMUNITIES**
1. Guarantee fair and decent work 2. Attract and grow talent 3. Value employee voice 4. Boost inclusion and diversity	5. Co-create with stakeholders 6. Factor-in whole-system costs and benefits 7. Make transparent, evidence-based decisions 8. Advocate for fairness	9. Support competitive domestic supply chains 10. Set social safeguards 11. Share value with communities 12. Implement responsible developer standards	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	17. Deliver robust stakeholder consultation 18. Form partnerships across sectors 19. Promote further industrial development 20. Respect and record cultural heritage

JUST TRANSITION

From principles to practice





- The first company to publish a **Just Transition Strategy.**
- Now moving from **principles to practice**.
- Report of **recommendations and actions** being published soon.

FLEXIBILITY **FIRST**

Shirley Robertson
Head of Environment, Consenting and Sustainability
SSEN Distribution

SSEN DISTRIBUTION

Purpose and the role of the stakeholder

KEY FACTS

- Power distributed to over **3.8m homes and businesses**
- **130,000km** of overhead lines and underground cables
- **100+** subsea cables powering island communities
- **770,000+ vulnerable customers identified on our Priority Services Register**
- over **3,500** employees, working from 85 depots and offices delivering Net Zero at a local level
- **106,000** substations

ENGAGEMENT AT A GLANCE

Stakeholders engaged

21,281

Engagement events

17	12	96	125
North	South	Cross-Licence Area	Total

Pieces of stakeholder feedback

3,077

Methods used

17

THE ED2 BUSINESS PLAN

Powering communities to net zero

OUR PURPOSE

We power communities to **thrive today** and create a **net zero tomorrow**

OUR VISION

We're **powering change** with **every connection**

A SAFE, RESILIENT AND RESPONSIVE NETWORK

- Create a **foundation for net zero** by investing **£1bn** in **strategic resilience**
- Reduce the **frequency and duration** of **power interruptions** by **20%**

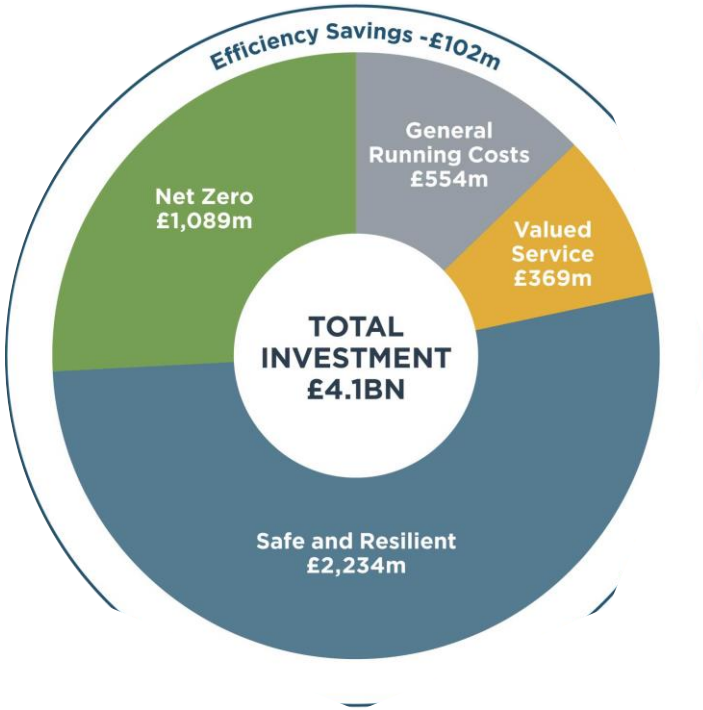
A VALUED AND TRUSTED SERVICE FOR OUR CUSTOMERS AND COMMUNITIES

- Achieve **customer satisfaction of 9.2 or above** in every contact area
- Support **200,000 customers** with **fuel poverty, personal resilience** or **energy efficiency** measures

ACCELERATED PROGRESS TOWARDS A NET ZERO WORLD

- Facilitate **1.3 million electric vehicles** and **800,000 heat pumps** on our network
- **Cut our business carbon footprint by at least 35%** aligned to 1.5°C science-based target

MAKE A POSITIVE IMPACT ON SOCIETY

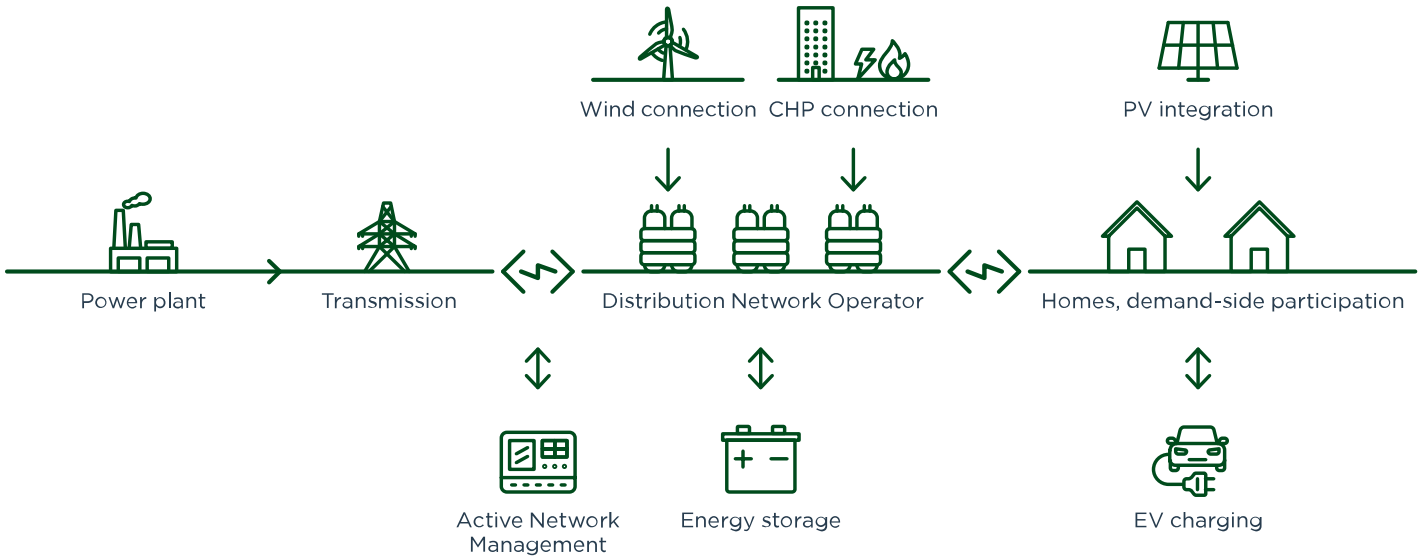


SSEN ED2 Draft Business Plan

FLEXIBILITY FIRST

CENTRALISED GENERATION MODEL

DISTRIBUTED GENERATION MODEL



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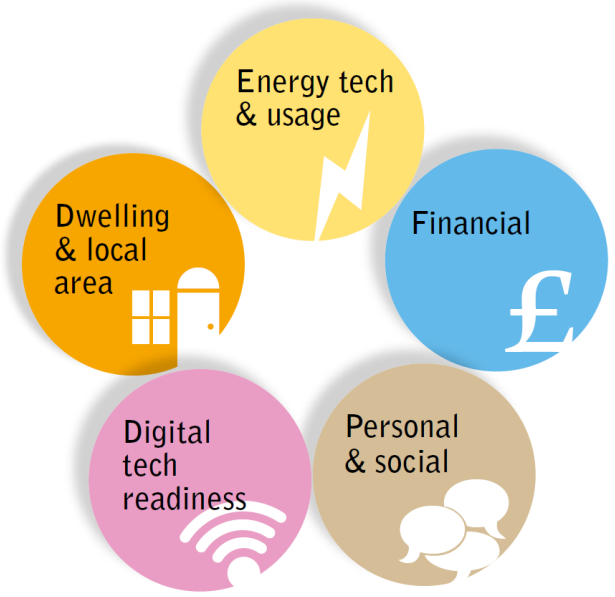
SMART AND FAIR

A just transition



centre for sustainable energy

smart and fair?
Exploring social justice in the future energy system

Core external drivers

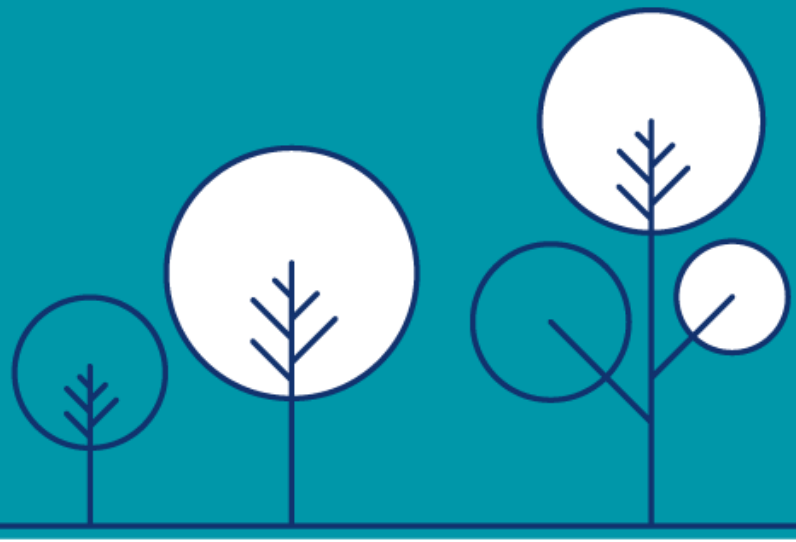
- MEETING THE NET ZERO CHALLENGE
- A LOCAL AND JUST TRANSITION
- CHANGING CUSTOMER EXPECTATIONS AND NEEDS
- DSO AND WHOLE SYSTEM
- AFFORDABILITY FOR CONSUMERS
- DIGITALISATION AND OPEN DATA

Identifying key trade offs

Keeping pace with LCT uptake	Risk of network underutilisation
Delivering flexibility at scale and pace	Consumer and market inertia
Lead by example on the environment	Ensuring **affordability and** proportionality
Support achievement of local energy plans	Local capacity and policy certainty

SUSTAINABLE **SUPPLY CHAINS**

Chris Platts
Head of Procurement Operations
SSE Group



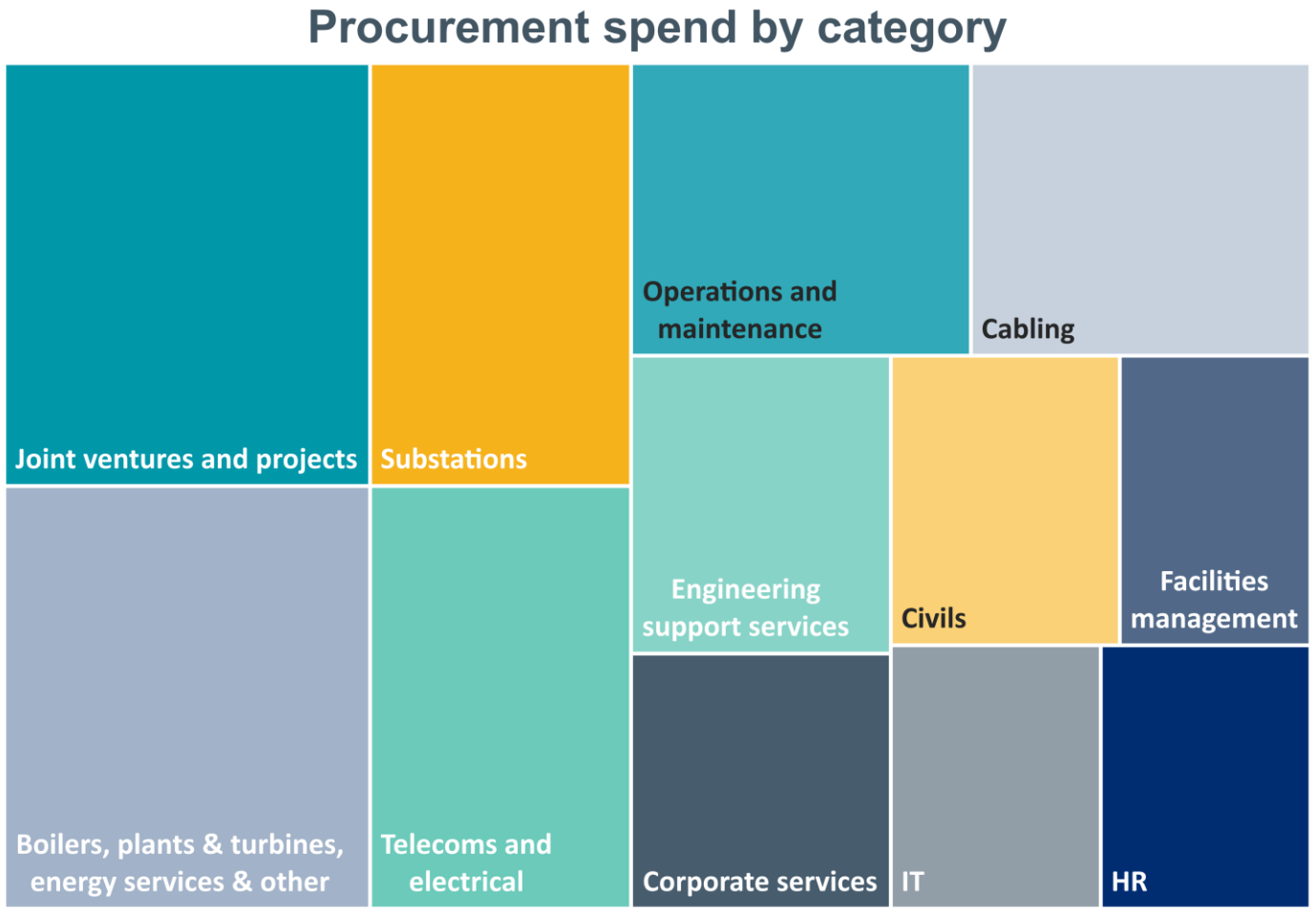
THE NATURE OF SSE'S SUPPLY CHAIN

Understanding scale and complexity

10,000+
suppliers

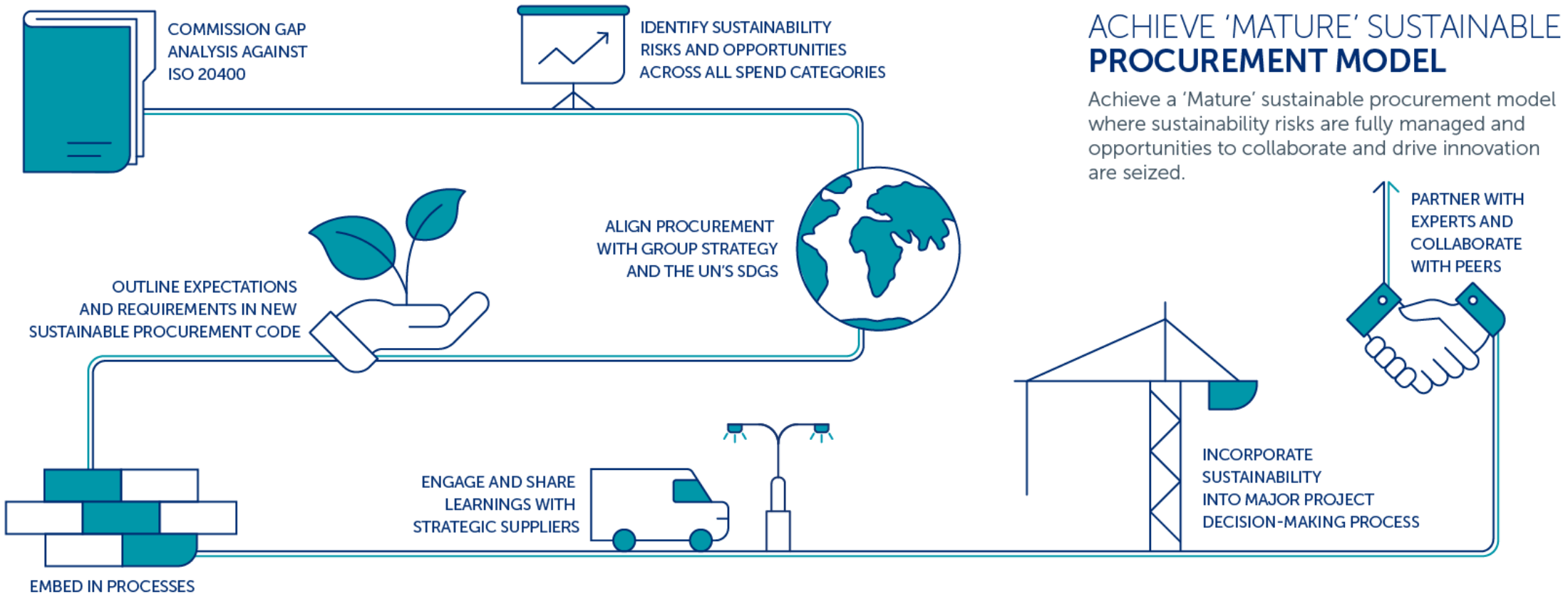
c. £2.4bn
spend in 2020/21

£7.5bn
investment programme
2020-2025



MATURE MODEL FOR SUSTAINABLE PROCUREMENT

Working in partnership in the pursuit of shared social and environmental goals



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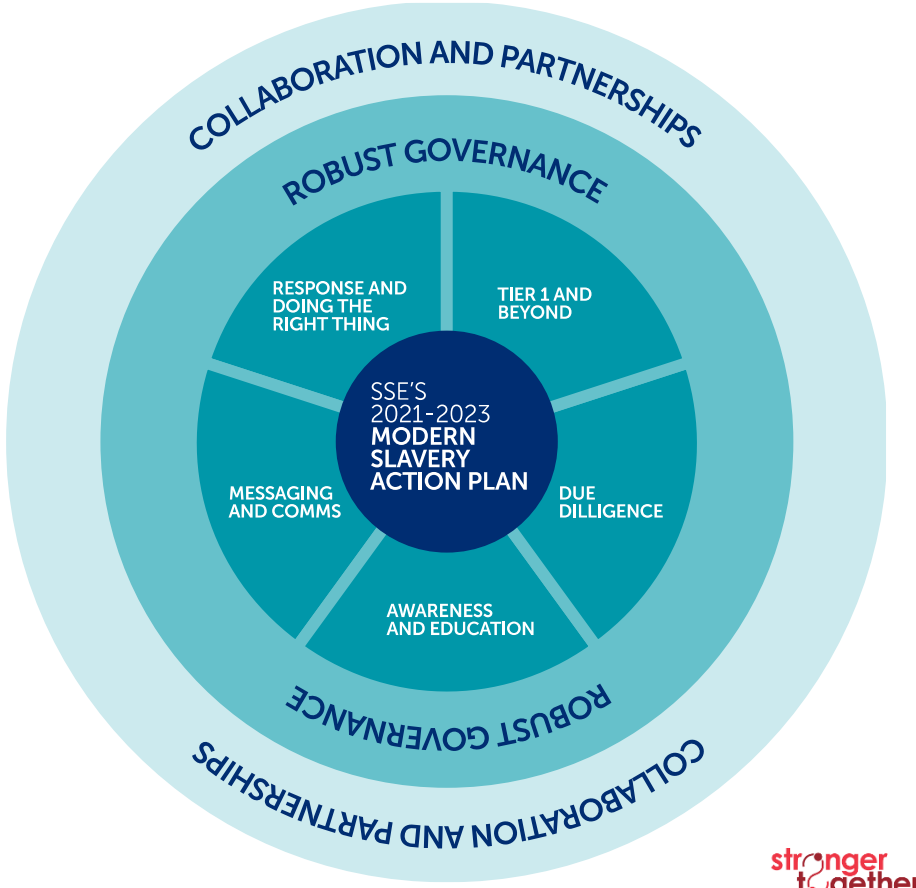
MANAGING STRATEGIC RISKS

Implementing a new Modern Slavery Action Plan 2021-23

Construction works at SSE's Keadby 2 CCGT



stronger together
tackling hidden labour exploitation

MEETING SOCIAL AND BUSINESS OBJECTIVES

Supporting domestic supply chains (Just Transition Principle #9)

GE Blade factory is expected to create **750 direct jobs** and **1,500 indirect jobs**

Engagement and **collaboration** with **supply chain partners**

The **RIIO-T2 business plan** will provide **more than 250 new jobs** and **1,600 supply chain jobs**

Seagreen and **Viking wind farms** will create **1,000 new direct contractor** and **supply chain jobs**

Dogger Bank is creating and supporting at least **3,000 jobs** in the uk

Cross-industry leadership through **OWIC** and **SOWEC**

SSE Renewables projects in the **Great Glen** will **add £1.2bn** to the **Scottish economy**

More than 15 reports showing the **socio-economic impact of major projects**

GOVERNANCE **MATTERS**

Sir John Manzoni
Chair
SSE Group

EMBEDDING AN ETHICAL BUSINESS CULTURE

Doing the right thing

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‘IN’, ‘ON’ AND ‘UP’

SSE’s inclusion and diversity journey

IN

- Hiring for difference
- Job Redesign
- Targeted attraction
- Diverse shortlists
- Mixed Interview Panels

ON

- Continuous process improvements
- Inclusion leadership
- Culture and behaviour
- Working differently
- Listening to employee voice

UP

- Opportunities open for all
- Transition between levels
- Diverse talent cohorts
- Measuring trends & progress
- Mentoring and Coaching

MEASUREMENT, BEHAVIOURS & PROCESSES

Return on inclusion

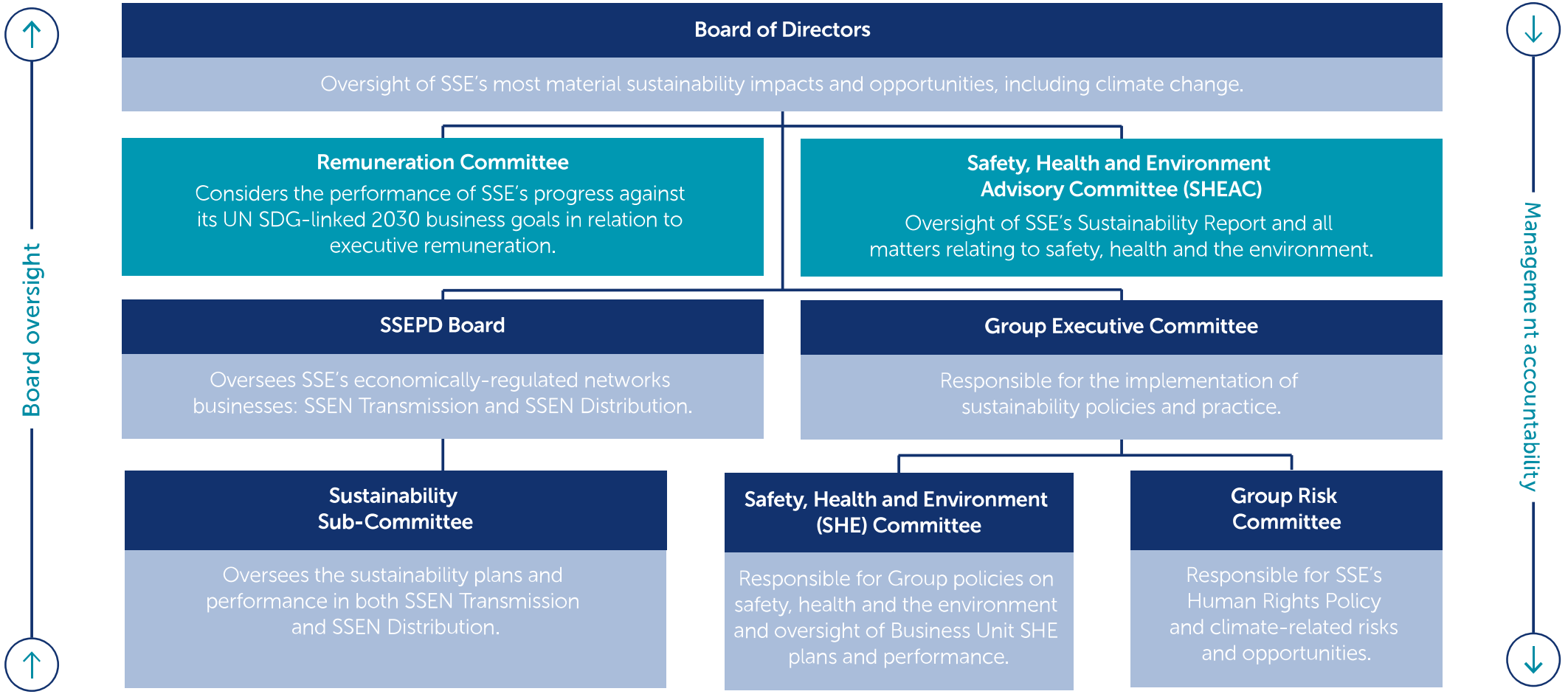
2017 (gender)

2019 (inclusion)

2021 (inclusion)

CLIMATE GOVERNANCE

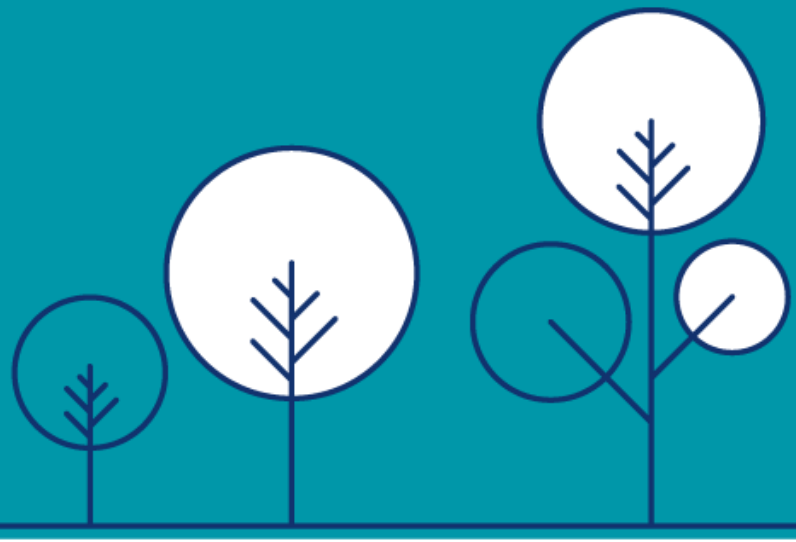
SSE's sustainability governance structure



WHAT'S NEXT FOR 2021/22

A year of opportunity and action

Looking forward

- An updated capital expenditure plan
- A revision of SSE's science based carbon targets to align with a 1.5°C pathway
- A review and update of SSE's 2030 Goals to ensure they stretch us to the end of the decade

Q&A
OPEN