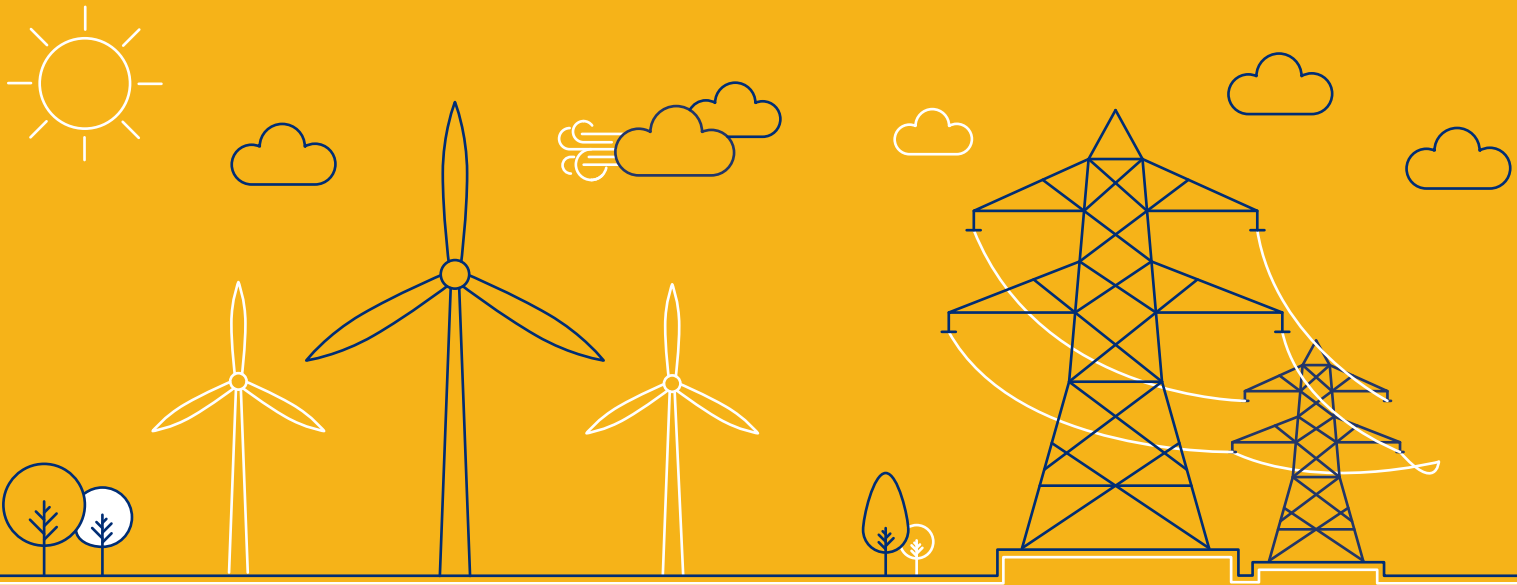


SUSTAINABLE PROCUREMENT CODE

Supplier Guidance



ABOUT THE SUPPLIER 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.

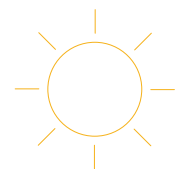
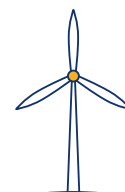
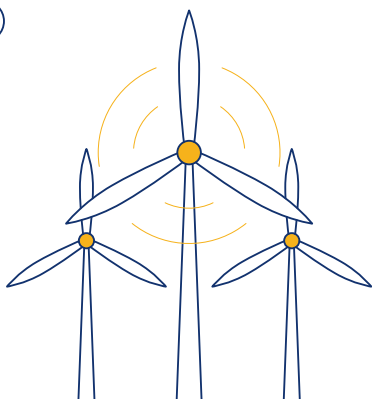
This Supplier Guidance accompanies SSE's Sustainable Procurement Code by providing further information to suppliers and contractors on how to meet the sustainability requirements and expectations outlined in the Code. This Guidance also explains how SSE intends to work with suppliers to monitor and improve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



PARTNERSHIPS AND COLLABORATIONS

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](#).



POWERING NET ZERO PACT

The Powering Net Zero Pact ("the Pact") is a new initiative created by SSE with 10 other founding partners as a legacy of COP26. The Pact brings together companies across all tiers of the power sector globally – including civils, shipping, renewables, electrical engineering, and others – to achieve a fair and just energy transition to net zero.

The Pact focuses on five areas of ambition: achieving net zero carbon emissions; protecting and enhancing the natural environment; transitioning to a circular economy; guaranteeing fair work and sustainable jobs; and adding value to local communities. Each area of ambition has a shared commitment and area for collaboration that aim to deliver tangible action.

SIGNING UP TO THE PACT

To sign up to the Pact, companies must:

- Be involved in some part of the power sector.
- Meet all five of the shared commitments; and
- Be willing to participate in an action-focused working group for at least one of the five collaboration topics

More information can be found at sse.com/pnzp or by emailing poweringnetzeropact@sse.com



TAKING CLIMATE ACTION



Net zero carbon emissions

Suppliers and contractors are:

- required to actively reduce, and where requested provide project-level reporting on the carbon impacts of construction works carried out for SSE, including the embodied carbon of construction materials and manufactured assets procured by or on behalf of SSE
- 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 manage carbon impacts at the project level in accordance with a relevant standard (such as PAS 2080).
- encouraged to complete the annual [Carbon Disclosure Project](#) (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 the latest climate science and has a target year of no later than 2050.
- required to have validated science-based carbon reduction targets, in line with a 1.5°C pathway, with an external validation body (such as [Science Based Target initiative](#) (SBTi)) or equivalent. Companies which are categorised as Small Medium Enterprises (SMEs) are encouraged to sign up to the SBTi's SME pathway.
- encouraged to sign up to [Race To Zero](#) to support and build momentum around the transition to net zero.

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 and its implementation (such as detailed

PROTECTING THE NATURAL ENVIRONMENT



Environmental Management and Governance

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.
- required to identify and minimise risks and have a robust strategy to minimise any impact on the environment when completing works.
- required to report all 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.
- encouraged to be proactive in offering and utilising best practice and innovative solutions to deliver positive environmental performance,

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 support delivery of no net biodiversity loss and where required deliver biodiversity net-gain in collaboration with SSE on qualifying projects.
- required to be proactive in recognising and mitigating the ecological and biodiversity risks and maximise the opportunities.

RESPONSIBLE PRODUCTION AND CONSUMPTION

Resource efficiency

Suppliers and contractors are:

- required to use resources efficiently by challenging unsustainable practices, selecting 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 (such as cradle to cradle design).
- encouraged to maximise engagement to support the transition to a circular economy and consider memberships with organisations such as the Ellen Macarthur Foundation Business Network and Platform for Accelerating the Circular Economy (PACE)

Responsible Waste Minimisation

Suppliers and contractors are:

- required to minimise waste to landfill and recycle all waste materials in line with SSE targets (85% diversion, 40% recycling by tonnage), providing reporting on request by SSE.

For goods, with an emphasis on the lifecycle sustainability of the products, Suppliers and contractors are:

- 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, Suppliers and contractors are:

- required to prepare a Site Waste Management Plan, identifying all waste streams, waste prevention, reuse, recycling and diversion activity as well as disposal / treatment routes.
- required to provide waste management data, in tonnage, including waste prevention and reuse, recycling and diversion from landfill, on request 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.

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.
- encouraged 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.

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.

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).
- encouraged to have a sustainable procurement policy which is aligned with ISO 20400 or equivalent.
- 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.

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.

INVESTING IN INDUSTRY, INNOVATION AND INFRASTRUCTURE



Innovation and technology

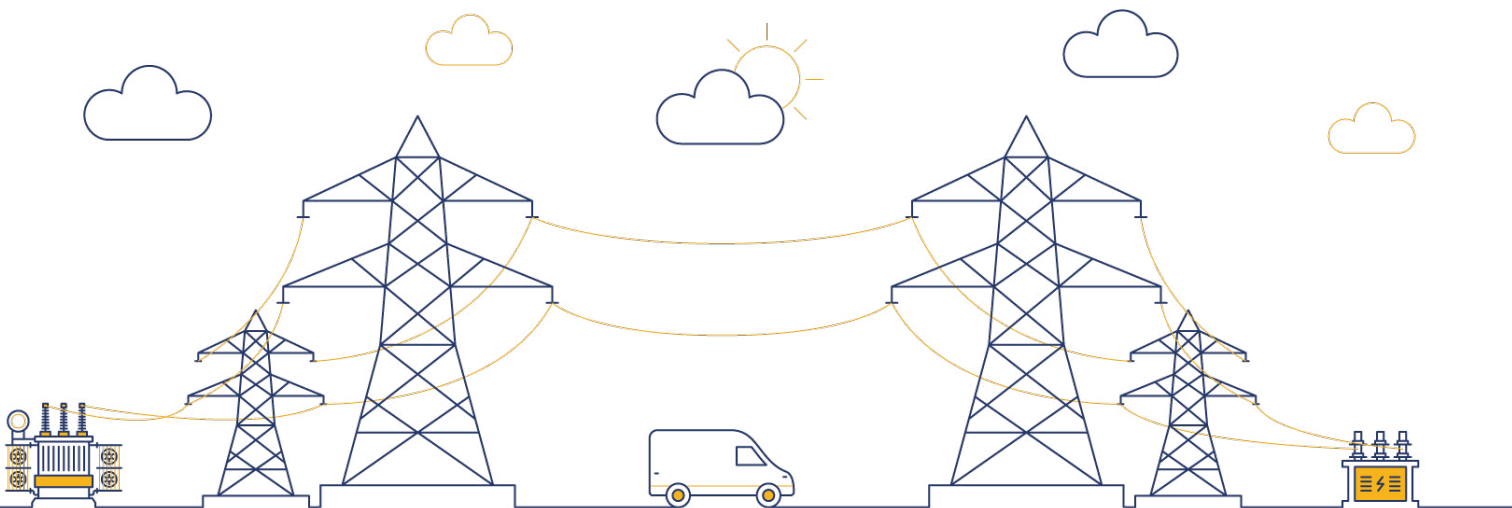
Suppliers and contractors are:

- 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.

Enable low-carbon generation and demand

Suppliers and contractors are:

- encouraged to offer lower-carbon alternatives to conventional construction and transportation methods and utilise innovative technologies and materials, where possible, in collaboration with SSE.
- encouraged to join the Climate Group's initiatives, such as EV100, EP100 and RE100, which focus on systems with the highest emissions and the greatest possibility to drive positive change to deliver a net zero energy system.



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.

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 Human Rights and 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.

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, ensuring policies and processes are inclusive to support everyone.

- encouraged to monitor, report and understand their diversity data (such as gender pay gap)
- encouraged to engage and collaborate in meaningful partnerships, such as UN Global Compact, #Equalby30 or relevant equivalent, to deliver successful inclusion and diversity initiatives within their direct and supply chain operations.
- required to provide evidence of policies and practices that result in improved inclusion and diversity of the workforce and provide information on the results of those practices, if requested by SSE.

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.
- required to deliver or support the delivery of robust stakeholder consultation for SSE sites and implement standards for the responsible delivery of projects addressing key stakeholder interests.
- encouraged to be a signatory to the [Considerate Constructors Scheme \(CCS\)](#).
- required to provide reporting of social value delivery, including but not limited to all community contributions such as, investments, charitable donations, volunteering and education , if requested by SSE.

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 work closely with SSE to promote and support the development of competitive domestic and local supply chains.
- required to provide details of spend with local suppliers and subcontractors, when requested by SSE ("Local" is defined as within a 50-mile radius of the site 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.

The real Living Wage and Living Hours

Suppliers and contractors are:

- required to pay the enhanced voluntary real Living Wage rate as set by the UK's Living Wage Foundation, and provide secure, guaranteed working hours in line with [Living Hours](#) requirements, to relevant employees contracted or subcontracted in the UK, subject to the conditions detailed within SSE's Living Wage and Living Hours 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 become Living Wage accredited employers through the UK's Living Wage Foundation.
- encouraged to become Living Wage accredited employers through the UK's [Living Wage Foundation](#).

Payment of fair tax

Suppliers and contractors are:

- required to 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

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 timeframe.
- encouraged to follow the principles of the UK's [Prompt Payment Code](#).

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 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")

All Steel and steel products should be sourced and produced responsibly under the CARES Sustainable Constructional Steel Scheme or by adhering to the Framework Standard for Responsible Sourcing (BES 6001)

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](#)
- [Sustainability Report](#)
- [Supporting a Just Transition](#)
- [Modern slavery statement](#)
- [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](#)
- [Supply Chain Sustainability School](#)
- [The Skills Accord](#)

