

A sustainable approach

Powering sustainable change

“Sustainable outcomes do not happen by accident. They are the result of careful decision making that ensures social, environmental and economic impacts are balanced and enhance value. 2021/22 was an important year to that end, not least in developing detailed action plans that support the achievement of net zero. Predicting and pre-empting negative social impacts from the energy transition to net zero was a focus of SSE’s attention too.”

Rachel McEwen
Chief Sustainability Officer



SSE's Sustainability Report 2022

SSE's Sustainability Report 2022 is the sister document to the Annual Report 2022. It provides enhanced disclosure of SSE's policies, practices and performance against its key economic, social and environmental impacts and goals.

Sustainability highlights

SSE's approach to sustainability
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Protecting the environment
Climate-related financial disclosures.
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Conserving the natural environment.
See more on pages 56 to 57

SSE's social contribution
Generating value across society.
See more on pages 58 to 59

Guaranteeing fair work and good jobs.
See more on pages 60 to 65

Providing access to affordable and clean energy.
See more on pages 66 to 67

SSE's approach to Sustainability

Driven by SSE's strategy "...creating value for shareholders and society..."

Aligned to shared value global framework United Nations Sustainable Development Goals (SDGs)

Materiality established



A sustainable business strategy

The UN's 17 Sustainable Development Goals (SDGs) are the global blueprint for a sustainable future. SSE believes they provide a useful framework through which to align its strategic business objectives with societal objectives.

Since 2019, SSE has aligned its business strategy to the SDGs most material to its business. The schematic above depicts the flow of sustainability from SSE's objective set in its strategy statement to "create value for shareholders and society" with UN SDGs providing the framework to guide the creation of shared value. Within this framework SSE has identified four SDGs which are highly material to the business, and to which it has linked its four core 2030 Goals, and a further three material SDGs, which are focused on the environment and guide the pillars of SSE's environment strategy.

SSE refreshed its 2030 Goals in February 2022 to reflect SSE's increasing net zero ambitions. More information on SSE's sustainability framework can be found in the [Sustainability Report 2022](#).

Developments in sustainability reporting standards

At COP26, in November 2021, the creation of the new International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards (IFRS) Foundation was announced. Most of the international standard setters have indicated their support for the ISSB and SSE hopes this will be an important step towards providing the clarity that companies are seeking around globally aligned sustainability reporting standards.

The UK Government has endorsed the ISSB approach, indicating its intentions to use the standards as the framework for the new UK Sustainability Disclosure Requirements (UKSDR). The UKSDR will build on measures

already under way to implement TCFD-aligned disclosure rules, expanding the scope to cover wider sustainability topics beyond climate change, and will include requirements for listed companies to publish net zero transition plans. Ahead of these requirements, SSE published its own Net Zero Transition Plan in March 2022, one of the aims of which is to stimulate enhanced engagement with shareholders and other stakeholders.

Aligning with external frameworks

SSE is a signatory to the United Nations Global Compact (UNGC), incorporating the Ten Principles of the UNGC into its approach to business, and aligns disclosures and KPIs in its Sustainability Report to international non-financial reporting standards, including the Global Reporting Initiative (GRI) and the SASB Standards. SSE also actively engages with key investor ESG ratings agencies and investor-led initiatives. Detail of SSE's performance in these ratings can be found at sse.com/sustainability.

A sustainable approach continued

Protecting the environment

The twin challenges of climate change and the decline in nature are the greatest threats facing the future of humankind. Addressing the challenge of climate change is the most material action SSE can take to reduce its impact on the environment, however it also has wider environmental impacts that must be carefully managed.

Climate-related financial disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve reporting of climate-related risks and opportunities. SSE has structured its climate disclosures according to the TCFD recommendations since 2018 believing that good quality information about its climate-related risks and opportunities supports shareholders to make long-term investment decisions.

Mandated climate-related financial disclosure in the UK

SSE is required to report against the TCFD recommendations and recommended disclosures in its Annual Report covering the financial year ended 31 March 2022 according to the Financial Conduct Authority (FCA) listing rule LR 9.8.6 R(8). The rule requires relevant companies to report on a 'comply or explain' basis against the TCFD recommendations. SSE is compliant with the TCFD recommendations and recommended disclosures, with the exception of recommended disclosure Strategy 2.c where it explains on [page 48](#)  the work

it will carry out over the course of 2022/23 with a view to disclosing in 2023. SSE further believes there is an opportunity for increasing maturity of all TCFD disclosures and will actively seek feedback from shareholders and stakeholders on best practice.

Compliance is indicated against the recommended disclosures in the relevant sections using the following key:

Compliant	
Partially compliant	
Not compliant	



Task Force on Climate-related Financial Disclosures (TCFD) recommendations

1. Governance

Disclose the organisation's governance around climate-related risks and opportunities.

[More on page 43](#) 

2. Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

[More on page 45](#) 

3. Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

[More on page 49](#) 

4. Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

[More on page 54](#) 

Governing climate-related risks and opportunities

Board oversight of climate issues

The Board establishes SSE's purpose, vision and strategy with due consideration given to all material influencing factors including those related to climate change.

The Board assessment of climate-related matters is informed through presentations across dedicated strategy sessions and within Board meetings, which cover the substance of the physical and transitional opportunities and risks associated with climate change (see [page 133](#)). This approach is consistent with SSE's net zero-aligned strategic objectives and the presence of climate-related issues across vast areas of Board work.

The Board's assessment of risk is reflected both in the strategic decisions it takes, and in the identification of the Group Principal Risks and emerging risks which have the ability to affect achievement of agreed strategic objectives and, in turn, long-term success.

Within financial year 2021/22, the Board considered and approved accelerated science-based emission targets; revised business goals to 2030 aligned to the UN Sustainable Development Goals; the Net

Zero Acceleration Programme; and the Net Zero Transition Plan.

Board Committee support is provided on climate-related issues in the following ways:

- The Nomination Committee ensures the Board possesses the correct depth and balance of capabilities to support SSE's long-term position, including the expertise to assess the impact of climate change (see [pages 145 to 151](#)).
- The Audit Committee supports the Board on matters relating to financial reporting, internal control and risk management. The Committee reviews the integrity of SSE's climate-related financial reporting and the process used to develop SSE's TCFD-aligned disclosures (see [pages 152 to 161](#)).
- The remit of the Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC) was expanded in the year to oversee SSE's climate adaptation and resilience plans (see [pages 164 to 167](#)).
- The Remuneration Committee supports implementation of Board approved policy on climate related opportunities and risks, through inclusion of sustainability-linked metrics and targets within performance



Meeting TCFD recommended disclosures:

1. Governance

- Describe the board's oversight of climate-related risks and opportunities. ■
- Describe management's role in assessing and managing climate-related risks and opportunities. ■

related pay for SSE's Executive Directors (see [pages 168 to 199](#)).

The Board-agreed division of responsibilities across key areas of SSE's Governance Framework, are set out in: the Board's Schedule of Reserved Matters; the Terms of Reference of the Board Committees and the Group Executive Committee; and the role profiles for key Board roles. See [sse.com](#) and [pages 124 and 142](#).

Structured governance pathways

Board of Directors		Board Level
Sets SSE's purpose, vision and strategy with oversight of SSE's most material sustainability impacts, risks and opportunities, including climate change.		
Nomination Committee	Audit Committee	
Responsible for Board appointments and the balance of capabilities to assess SSE's long-term situation.	Oversees the assurance model and integrity of SSE's climate-related financial disclosures in SSE's Annual Report.	
SSHEAC	Remuneration Committee	Executive Level
Oversees SSE's climate adaptation and resilience plans.	Responsible for remuneration policy including climate factors within performance related pay.	
Group Executive Committee	Group Risk Committee	Business Level
Responsible for the implementation of strategy, including sustainability policies and practice relating to climate change.	Responsible for reviewing and recommending the processes, controls and content of climate-related financial disclosures.	
TCFD Steering Group		
Responsible for advising and steering the development of comprehensive and fair, balanced and understandable climate-related financial disclosures.		
TCFD Working Group		
Responsible for the production of SSE's climate-related opportunity and risk disclosures, including financial impacts and ensuring appropriate stakeholder input.		

A sustainable approach continued Protecting the environment continued

Role of senior management

Strategy is implemented by the Group Executive Committee through the operational management of SSE's Business Units and monitoring of performance in line with agreed plans. This includes ensuring that business decisions are being taken in line with the parameters set by the Board, such as SSE's 2030 Goals and science-based targets, and for monitoring new and emerging issues that require escalation.

As Chair of the Group Executive Committee the Chief Executive retains responsibility for the management of climate-related initiatives under agreed strategy and in turn, driving progress. In support of this, the Chief Executive agrees the annual objectives for the Chief Sustainability Officer who is a direct report. The Chief Sustainability Officer advises the Board, Group Executive Committee, Group Risk Committee and Business Units on climate-related matters and progress under the stated Net Zero Transition Plan.

The Group Risk Committee (GRC) monitors all Group risks on a periodic basis and ensures that the Business Units are managing the risks for which they are responsible. The GRC has overall responsibility for ensuring the right mechanisms are in place for managing all risks, including climate-related risk and opportunities. Reporting to the GRC is a TCFD Steering Group, comprising of representatives from Group Finance, Group Risk and Sustainability, focused on advising, steering and governing the development of fair, balanced and understandable climate-related financial disclosures.

SSE has a set of Group Policies applicable across its entire organisation, of which Climate Change and Sustainability are two. Policies are reviewed and endorsed by Group Executive Committee and approved by the Board annually. Compliance with Group policies is also considered as part of the annual review of the effectiveness of the system of internal control (see [page 161](#)).

Aligning incentives to climate outcomes

SSE's approach to Executive Remuneration reflects the role of sustainability and climate-related considerations within SSE's purpose and strategy, with sustainability-linked metrics and targets an element of performance related pay. To date, performance has been assessed against the framework of SSE's 2030 Goals, which the Remuneration Committee is seeking to strengthen through its current Policy review.

[More on page 169](#)

SSE's key developments in 2021/22:

- Board approves SSE's Net Zero Transition Plan, which can be found at [sse.com/sustainability](https://www.sse.com/sustainability).
- Audit Committee now approves SSE's assurance arrangements for its TCFD disclosures, see [pages 153 and 155](#).
- Board consideration of net zero in strategic development and principal decisions, see [pages 126 to 133](#).

Timeline of climate governance in 2021/22

Some of the key decisions taken in the year; for further decisions made during the year, see [pages 126 to 131](#) – Directors' Report:

Board-level



Executive-level



A strategy to support net zero

Providing profitable solutions to climate change

Through the delivery of its purpose SSE is directly addressing the energy transition to net zero and reflecting society's priorities on climate change. It achieves this through its strategy of developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero.

With SSE's direct emissions (scope 1) cut by 78% since their peak in 2006/07, SSE has a well established decarbonisation strategy and has been transitioning its electricity generation portfolio to one dominated by renewable and low-carbon thermal sources of generation.

SSE's goal is to achieve net zero GHG emissions across its scope 1 and scope 2 emissions by 2040 (subject to security of supply requirements) and for remaining scope 3 emissions by 2050. These long-term net zero ambitions are supported by interim science-based targets aligned to a 1.5°C pathway. Progress against these targets is outlined on [pages 54 to 55](#).

A plan for a net zero transition

In March 2022, SSE published its Net Zero Transition Plan. The Plan clearly sets out for stakeholders the key actions SSE will take to drive progress towards its net zero ambitions and its interim science-based targets aligned to a 1.5°C pathway.

SSE will disclose annual progress against this plan through its Net Zero Transition Report, which will be subject to shareholder vote each year. Progress in 2021/22 is disclosed across SSE's Annual and

Sustainability Reports. A standalone summary Net Zero Transition Report has also been published to aid stakeholder engagement, which can be found at sse.com/sustainability.

Advocating for climate action

SSE actively and positively advocates for more ambitious climate change policy to achieve net zero, with a significant focus for advocacy activities in 2021/22 being linked to its Principal Partnership on COP26. SSE conducts its advocacy in line with the goals of the Paris Agreement and its own net zero strategy. It reviews trade association membership annually to ensure that the organisations of which it is a member also advocate in line with the ambitions of the Paris Agreement. In December 2021, it published the results of this annual review for the first time. Detail of advocacy activities undertaken across 2021/22 can be found throughout the Strategic Report of this Annual Report ([pages 1 to 94](#)) and in SSE's Sustainability Report 2022.

Investing in the net zero transition

In November 2021, SSE announced its Net Zero Acceleration Programme, which includes a £12.5bn, fully-funded capital investment plan between 2021 and 2026 alongside ambitious 2031 targets, aligned with net zero. The Programme is the practical application of SSE's strategy and seeks to cement SSE's position as a national clean energy champion, enabling the contribution of around 20% of the UK's revised 50GW offshore wind target and over 20% of the required investment in UK electricity networks, whilst deploying flexibility solutions to secure electricity supplies and exporting SSE's renewables capabilities overseas.



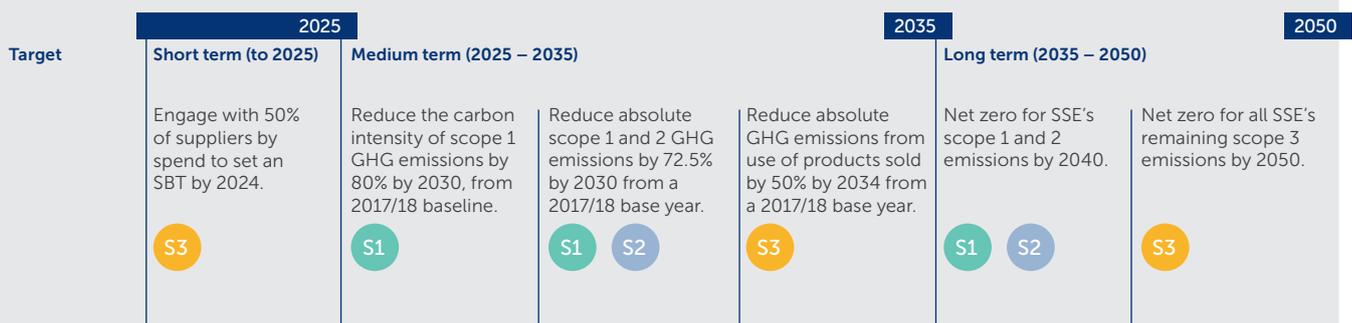
Meeting TCFD recommended disclosures:

2. Strategy

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. ■
- b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. ■
- c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. ■

All five of SSE's most material climate-related opportunities as outlined on [pages 51 to 52](#) are factored into this strategic capital investment plan. In 2021/22, SSE invested £2.1bn of this planned £12.5bn capital investment. SSE's future capital investment plans, including those for any thermal assets, will be based on clear internal investment criteria, which ensures alignment to SSE's commitment to its core 2030 business goals including the targeted reductions in GHG emissions.

Net Zero Transition Plan pathway



Note: for definitions of scopes 1, 2 and 3 SSE follows the GHG Protocol. For further information on SSE's GHG and Water reporting criteria see sse.com/sustainability.

A sustainable approach continued
Protecting the environment continued

ENGAGEMENT IN ACTION
 GOVERNMENT AND REGULATORS



FURTHER AND FASTER AT COP26

The cornerstone of SSE's engagement with government and regulators in 2021/22 was the Company's Principal Partnership with the UK Government on COP26. SSE was able to showcase its standing as a national clean energy champion in what was a significant stepping up of engagement activity in the lead-up to, during and after the Glasgow event. Through more than 150 direct COP-related engagements, SSE established 50 new business relationships, received more than 20 public endorsements from stakeholders, and formed 14 new partnerships.

Crucially, SSE was able to support a number of COP-linked policy announcements through its advocacy for decarbonisation of the energy sector to go further and faster. In the months following COP26, positive engagement, including meetings with the Secretary of State for Department of Business, Energy and Industrial Strategy and the Prime Minister, continued to maintain political resolve on the Glasgow Pact and highlight SSE's role in delivering national net zero targets.

SSE's Gregor Alexander and Alistair Phillips-Davies with Chancellor Rishi Sunak at COP26.



Financing climate strategies

SSE understands that investors are increasingly looking for robust mechanisms through which they can ensure their investments are sustainable and take account of climate-related risks. To support the growth of green finance, SSE also has pursued a strategy of issuing green bonds to fund its net zero investment plans. SSE has issued four green bonds, with the total outstanding at £2bn which reaffirms SSE's position as the largest issuer of green bonds in the UK corporate sector.

Aligning to taxonomy definitions
A developing UK Taxonomy

SSE supports the development of sustainable finance beyond green and sustainable debt markets. The establishment of a European Taxonomy is an important step forward in defining environmentally sustainable economic activity within equity markets and, as a UK-listed energy company, SSE is looking forward to the establishment of a UK Taxonomy based on the broad principles established by the EU. In support of a consistent, although UK-appropriate, taxonomy, SSE engaged constructively with several stakeholders in 2021/22, including HM Treasury and the Department of Business, Energy and Industrial Strategy to suggest ways in which the UK Taxonomy could be developed to be

simpler, transparent and auditable. SSE has made the case that:

- Any inclusion of gas generating activities within the UK Taxonomy should demand carbon abatement;
- The operational expenditure metric be replaced with alternative metrics which are clearly defined and auditable, such as operating profit and loss metric which is captured within the UK adopted IFRS financial reporting standards;
- To ensure all relevant economic activity is captured, activities measured should encompass projects within joint control, such as equity investments into large scale offshore wind farm projects.

Assessing SSE's activities

To provide stakeholders with an initial indication of SSE's economic activities according to taxonomy criteria, SSE has undertaken preliminary work to assess its activities using the eligible activities of the EU Taxonomy as a basis. The table on [page 47](#) provides an illustration of SSE's taxonomy aligned activities. Taxonomy eligible activities in 2021/22 are from SSE's onshore and offshore wind generation, hydro (run of river and pumped storage) as well as its networks transmission and distribution activities. In 2021/22, the proportion of SSE's taxonomy-eligible activities across the

different measures were: adjusted operating profit, 84%; adjusted investment and capital expenditure, 86%; and, revenue, 30%.

The reason that SSE's taxonomy-eligible activity appears low in relation to its revenue, is primarily due to Energy Portfolio Management trading activity and the sale of power to end customers, both of which are high volumes, with pass through costs and lower margins than in larger businesses such as renewables generation and networks businesses. SSE believes that revenue is a poor measure in assessing its economic activity and that the most appropriate measures of its taxonomy-eligible economic activity are in relation to its capital investment and its operating profit.

The taxonomy non-eligible activities are associated with SSE's thermal generation and gas storage businesses. Other activities that do not currently align may qualify for taxonomy alignment in the future.

Providing the UK Taxonomy does not deviate significantly from the EU model, SSE expects its assessment of its taxonomy eligible activities disclosed on [page 47](#) to be consistent with a future UK framework.

Financial impact of SSE's taxonomy activities

SSE's reported segments (a)	Taxonomy eligible activity(a)	Revenue (b)		Adjusted operating profit (c)		Adjusted investment and capital expenditure (d)	
		£m	%	£m	%	£m	%
SSEN Transmission	Transmission of electricity	589.7	7	380.5	25	614.4	32
SSEN Distribution	Distribution of electricity	954.6	11	351.8	23	364.8	19
SSE Renewables	Electricity generation	357.4	4	568.1	37	674.3	35
EPM	As route to market for SSE Renewables	713.6	8	(5.6)	0	0.8	0
Total taxonomy eligible activities		2,615.3	30	1,294.8	84	1,654.3	86
SSE Thermal	Thermal generation	844.2	10	306.3	20	129.3	7
Gas Storage	Supply of energy	8.7	0	30.7	2	2.1	0
EPM	As route to market for SSE Thermal	713.6	8	(5.6)	0	0.8	0
Taxonomy non-eligible activities		1,566.5	18	331.4	22	132.2	7
Business Energy		2,289.0	27	(21.5)	(1)	35.2	2
SSE Airtricity		1,177.3	14	60.4	4	4.6	0
Distributed Energy		176.9	2	(10.9)	(1)	26.6	1
EPM	As route to market for Business Energy	713.6	8	(5.6)	0	0.8	0
Corporate unallocated		69.7	1	(111.8)	(7)	78.7	4
Total taxonomy partially/not-aligned activities		4,426.5	51	(89.4)	(6)	145.9	8
Total continuing operations		8,608.2	100	1,536.8	100	1,932.4	100

Notes:

(a) Alignment is based on segmental reporting in SSE's financial year end statements.

(b) Revenue: derived from the disaggregation of revenue from contracts by customers, in line with the requirements of IFRS 15 "Revenue from Contracts with Customers" (see note 5.1.1).

(c) Adjusted operating profit/loss: calculated as adjusted operating profit/loss related to the businesses aligned with the taxonomy categories (see note 5.1.2).

(d) Adjusted investment and capital expenditure: calculated as adjusted capital expenditure related to assets or processes associated with taxonomy-eligible economic activities that is accounted for based on IAS 16, IAS 38 and IFRS 16 and thereby included within adjusted capital expenditure (see note 5.1.3).

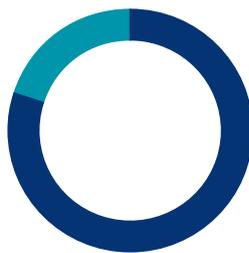
Taxonomy eligible activities at a glance

Revenue



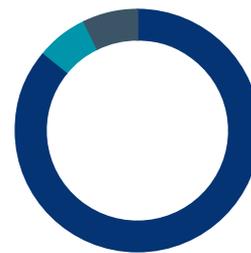
■ Eligible ■ Not eligible ■ Not aligned

Adjusted operating profit



■ Eligible ■ Not eligible ■ Not aligned

Adjusted investment and capital expenditure



■ Eligible ■ Not eligible ■ Not aligned

Assumptions

SSE's accounting policies for these calculations are based on the EU Taxonomy Regulation and delegated acts and available guidelines from the UK Government.

• Linkage principle

In calculating each taxonomy-eligible proportion, a 'linkage principle' has been applied, stipulating that any revenue, operating profit/loss or capital expenditure that can be justifiably linked to an identified taxonomy economic activity can be classified as taxonomy-eligible. Using this principle, revenue and operating profits from SSE's balancing activities, hedging, and trading can be linked to the EU taxonomy eligible activities when the activity is undertaken to directly support the eligible activities.

• Proxies

Where the financial numbers are not appropriately split into Taxonomy compliant activities, namely for Energy Portfolio Management energy trading and power sales activities, a proxy has been used to estimate the ratio of purchased power volumes from

renewable versus non-renewable assets applied to revenue and operating profit/loss.

• Materiality

The analysis has been prepared by applying a top-down review of SSE's activities and the alignment with existing segmental reporting within taxonomy eligible activities. There are some activities that fall below specified thresholds which are not taxonomy eligible. As SSE's reporting processes and controls are refined by the implementation of the UK Taxonomy, it is expected that some activities will be reclassified if they move above certain materiality thresholds.

• UK taxonomy eligibility

SSE's transmission and distribution activities do not currently qualify as EU taxonomy eligible due to the use of Polychlorinated Biphenyls (PCBs). SSE has committed to removing PCBs within its business 31 December 2025 in line with recent UK legislation. It is therefore expected that the UK taxonomy will include these activities as taxonomy eligible.

A sustainable approach continued Protecting the environment continued

Material climate impacts

SSE assesses the climate impact on its operations over the short (up to three years), medium (four to 10 years) and long term (up to 30 years) from the perspective of market, policy or regulatory transition risks and opportunities and the physical risks of a changed climate.

Material climate-related opportunities and risks (pages 50 to 53) have the potential to significantly impact SSE’s business, strategy and financial planning.

The material opportunities (pages 50 to 51) relate to the role that renewables, transmission and distribution electricity networks, and thermal play in supporting the transition to net zero. The material risks (pages 52 to 53) are associated with the physical impacts of extreme or changing weather conditions on renewable and network operations; alongside transition risks related to renewable wholesale prices and resilience of thermal power generators to changing policy.

SSE has aligned its disclosures related to opportunities to its Net Zero Acceleration Programme out to 2026, where opportunities are more certain. Beyond this date a description of further opportunities has been provided, though these have not been quantified due to the inherent uncertainty in longer-term forecasting. Risks identified have been quantified based on SSE’s exposure to the risk as at 31 March 2022.

Further information on each climate-related opportunity and risk is also presented in SSE’s Sustainability Report 2022 and CDP Climate Change Programme submission.

Explaining recommended disclosure Strategy 2.c

SSE believes it is partially compliant with TCFD recommended disclosure Strategy 2.c as it describes the resilience of the organisation to the key identified climate-related risks on pages 52 and 53.

However, these risks followed a process of bottom up analysis and therefore does not meet the specific requirement to take into

consideration different climate related-scenarios. SSE is still in the process of developing appropriate macro enterprise-level climate scenarios, building on climate scenario analysis performed in the past, with a view to complying from 2023. SSE’s previous reports, *Post Paris*, published in July 2017, and *Transition to Net Zero*, published in November 2019, assessed the resilience of SSE’s electricity businesses and gas businesses to different warming scenarios respectively. These reports can be found at [sse.com/sustainability](https://www.sse.com/sustainability).

SSE’s key developments in 2021/22:

- SSE announced its £12.5bn Net Zero Acceleration Programme aligned to its net zero ambitions, see pages 4 to 5.
- SSE set accelerated science-based targets aligned to a 1.5°C pathway, see pages 54 and 55.
- SSE reviewed its climate-related risks and opportunities in its Annual Report, see pages 50 to 53.

ENGAGEMENT IN ACTION SHAREHOLDERS AND DEBT PROVIDERS



ENHANCING CLIMATE ENGAGEMENT WITH SHAREHOLDERS

Having worked closely with investor group Climate Action 100+ over 2020/21, SSE proposed an enabling resolution to its July 2021 Annual General Meeting (AGM) asking shareholders to accept and approve the Company’s proposal to adopt a plan to become net zero across its scope 1, 2 and 3 GHG emissions by 2050 or sooner. The resolution received 99.96%

of the votes cast in favour and established a framework for SSE to propose a resolution at each AGM for shareholders to receive, consider and express non-binding advisory approval of SSE’s Net Zero Transition Report. To aid the vote, SSE published a Net Zero Transition Plan in March 2022, from which its Net Zero Transition Reports will be based. The Plan sets out defined

targets and actions to allow for clear and simple disclosures which will facilitate high quality engagement. Ahead of the 2022 AGM, SSE will undertake a programme of shareholder engagement on the Net Zero Transition Report, which will be published in June 2022.



Climate-related opportunity and risk management

Identifying and assessing climate-related opportunities and risks

SSE's Group Risk Management Framework is complemented by a specialist, and longer-term, TCFD climate-related risk assessment process that provides the framework for the identification and assessment of climate-related opportunities and risks.

To identify and assess climate-related opportunities and risks SSE used the outputs from senior business leader assessments of climate opportunity and risk alongside risk assessment workshops held by business units to test relevance, materiality and potential financial impact of climate issues. Following the completion of these activities a long list of climate-related opportunities and risks was identified.

To test the relevance of the long list of climate-related opportunities and risk, the risk approach used climate-related trends in the external environment, stakeholder perspectives (including regulatory requirements); internal risk assessment outputs and climate-related influencing factors in the Group Risk Management framework.

To test materiality a significance test was conducted that assessed potential financial impact and the likelihood of

occurrence for each opportunity and risk. This assessment led to the definition of the final list of material climate-related risks and opportunities for SSE (pages 50 to 53 [↗](#)).

Managing climate-related opportunities and risks

SSE has a series of actions that enable it to realise the climate-related opportunities and has a set of controls and financial mitigations in place to reduce the climate-related risks. This risk management section (pages 49 to 53 [↗](#)) combined with SSE's Sustainability Report 2022 and CDP Climate Change response provides further information on these actions and controls.

Integrated climate-related risk assessment

SSE's Group Risk Management Framework (page 161 [↗](#)) ensures the management of risks that can threaten the achievement of SSE's strategic objectives, including those that are related to climate change. Climate Change is one of SSE's Group Principal Risks, with scenarios related to both physical and transition risks posed by climate change included as part of SSE's viability assessment (page 70 [↗](#)). Climate-related influencing factors and key developments continue to be considered against all relevant Group Principal Risks (pages 71 to 81 [↗](#)).



Meeting TCFD recommended disclosures:

3. Risk Management

- a) Describe the organisation's processes for identifying and assessing climate-related risks. ■
- b) Describe the organisation's processes for managing climate-related risks. ■
- c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. ■

SSE's key developments in 2021/22:

- Group Risk Committee approves the process and controls of SSE's climate-related risk and opportunities, [see page 44](#) [↗](#).
- SSE's climate-related physical risks were assessed as part of the Group Risk Management process, [see pages 68 to 81](#) [↗](#).
- SSE achieved an 'A' for its CDP Climate Change disclosure, which provides detail on its TCFD disclosures. [See sse.com/sustainability](#) [↗](#) for the submission.

Material climate-related opportunities and risks

The following tables, on [pages 50 to 53](#) [↗](#), present SSE's quantification of the potential financial impact of its material climate-related opportunities and risks. More detail to these disclosures is presented in SSE's CDP Climate Change Programme submission 2022.

For the opportunities and risks identified, where relevant, SSE has outlined the time frame for investment in climate-related activities as well as the time frame for the impact of that investment, when the benefits will be realised. The time frames are:

- Short term (up to three years)
- Medium term (four to 10 years)
- Long term (up to 30 years)

These time frames have been determined based on a number of factors, including: SSE's Net Zero Acceleration Programme; market, policy and regulatory frameworks; and forecasted physical impacts of climate change.

A sustainable approach continued

Protecting the environment continued

Climate-related opportunities

VALUABLE FLEXIBLE HYDRO

Investment: Medium term
Impact: Medium/long term

Context of the opportunity

Increasing volumes of intermittent wind energy will require support from flexible generators that provide system services, such as short-term reserve, frequency and long-duration energy storage services. The opportunity exists, from existing hydro expertise, to develop long-duration, low-carbon flexibility solutions that provide significant enduring value to the GB electricity system.

How SSE can realise this opportunity

For SSE's existing hydro portfolio, ongoing investment in maintenance, upgrades and repowering will optimise the provision of low carbon flexibility.

SSE also has an important development option for large-scale, long-duration pumped hydro storage at Coire Glas in Scotland, with planning consent for a 1.5GW capacity project and c.30GWh of storage capacity potential. This would more than double existing pumped hydro storage capacity in GB. SSE is working with Government and the regulator to establish a market mechanism that would unlock investment into long-duration storage projects such as Coire Glas given the critical role they can play in securing low-carbon energy supplies in the UK.

Potential financial impact

SSE's current hydro generation capacity of 1.5GW had an adjusted operating profit of £293.1m and adjusted EBITDA of £324.7m in the year ended 31 March 2022. In 2021/22 SSE invested c.£50m on existing hydro asset maintenance and repowering.

Early-stage development expenditure is already being incurred on Coire Glas, with the total capital cost for development expected to be in excess of £1bn. The timing of that investment, and returns generated, will depend on the emergence of suitable market mechanisms to stimulate this investment in long-duration storage.

ACCELERATED TRANSMISSION GROWTH

Investment: Medium term
Impact: Medium/long term

Context of the opportunity

Significant growth in renewable wind in the north of Scotland requires significant expansion of the north of Scotland electricity transmission network, to transport the renewable electricity from the sources of generation to the sources of demand. In April 2022, the UK Government set out in the British Energy Security Strategy that it would ensure Ofgem expedites its approvals process to build networks in anticipation of major new sources of generation and demand. This is demonstrated by the Scottish Government's proposed target of 8-12GW of additional onshore wind by 2030, announced in November 2021, and the Crown Estate Scotland award of seabed leases in January 2022 of c.25GW of new offshore wind capacity.

How SSE can realise this opportunity

SSEN Transmission's current RIIO-T2 business plan to 2026 envisages expanding and reinforcing the existing network for major new sources of generation. Regulatory approvals are in-flight for further projects such as reinforcements to Skye, Argyll and the Eastern HVDC offshore link which will connect the North of Scotland directly to demand centres in England.

Beyond the current business plan, SSEN Transmission is working closely with stakeholders to determine the network expansion required to meet Government ambitions and new development projects. This will determine the scale of investment required in the next regulatory price control (2026 and 2031).

Potential financial impact

The latest RIIO-T2 Price Control Financial Model, submitted to Ofgem in November 2021, envisages spending at least £4bn to expand and reinforce the existing network, with regulator-approved projects that are in-flight. With this investment, the Regulated Asset Value (RAV) of SSEN Transmission is expected to reach in excess of £6.5bn by the end of the price control (2026).

Between 2026 and 2031 it is expected that RAV will reach between £8-10bn and there is the potential, if the additional expenditure is agreed, for RAV to reach £12bn in this time period. SSEN Transmission earns a return on its RAV, therefore growth of the RAV should result in earnings growth in future periods, subject to future regulatory earnings agreements.

ACCELERATED WIND INVESTMENT	Investment: Medium term Impact: Medium/long term
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Context of the opportunity

International agreements to decarbonise electricity systems, alongside increased energy security and the need to reduce reliance on imported fossil fuels enhance the case for accelerated wind deployment. The UK Government has ambitions for up to 50GW of installed offshore wind capacity by 2030 (including up to 5GW of floating offshore wind) and the Irish Government has targeted 4GW of incremental onshore wind and 5GW of offshore wind capacity by 2030. In the long term, the Climate Change Committee’s balanced net zero pathway suggests 95GW of UK offshore wind by 2050.

How SSE can realise this opportunity	Potential financial impact
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SSE aims to build a renewable energy portfolio that generates at least 50TWh of electricity a year by 2030. SSE’s accelerated capital investment plan (the Net Zero Acceleration Programme) published in November 2021 aims to double installed renewable capacity to 8GW (net) by 2026 and targets at least 13GW (net) of installed renewable capacity by 2026. In the longer term, SSE is exploring opportunities in the UK, Ireland and internationally.

SSE’s existing wind generation portfolio (2.5GW capacity) had an adjusted operating profit of £275.1m and adjusted EBITDA of £470.4m in 2021/2022. Between 2021 and 2026, SSE’s Net Zero Acceleration Programme plans to invest over £4bn in c.4GW (net) of new wind capacity, supporting a target of c.9GW (net) of new wind capacity by 2031. This planned investment is expected to significantly contribute to an 11-12% EBITDA compound annual growth rate in renewables across the five-year period.

DRIVING DISTRIBUTION TRANSFORMATION	Investment: Medium term Impact: Medium/long term
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Context of the opportunity

The UK Government’s Net Zero Strategy accelerates the shift to zero emission vehicles, banning new petrol or diesel cars from 2030. National Grid’s Future Energy Scenarios (2021) anticipates 12 million electric vehicles and 4 million residential heat pumps in GB in 2030. Depending on the scenario, there is potential for a five to ten-fold increase in annual load spend between now and 2038.

How SSE can realise this opportunity	Potential financial impact
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SSEN Distribution’s draft RII0-ED2 business plan for the period 2023 – 2028 establishes an investment and innovation programme that will enable customers to connect their electric vehicles reliably to local electricity grids. To predict the scale of connections Distribution Future Energy scenarios suggest that between 2020 to 2030, the number of EVs in SSEN’s Distribution areas may increase from 30,000 to 0.85-2.3 million and for heat pumps from under 50,000 to 0.27-1.05 million.

Over the RII0-ED2 period to 2028, SSEN Distribution expects to invest c.£4bn in distribution networks resilience and reinforcement. This is expected to increase RAV to c.£5.5bn by 2026 with a further £7-8bn by 2031, subject to regulatory determination and required future load spend. SSEN Distribution earns a return on its RAV, therefore growth of the RAV should result in earnings growth in future periods, subject to future regulatory earnings agreements.

VALUABLE FLEXIBLE THERMAL	Investment: Medium term Impact: Medium/long term
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Context of the opportunity

As the electricity system decarbonises, increasing volumes of intermittent wind energy requires support from flexible generators that provide system services, such as short term reserve, frequency, security of supply and price stability. There is the opportunity to repurpose SSE’s existing gas-powered electricity generators, as well as invest in new low-carbon thermal generation assets. The UK Government’s 10 point plan for a Green Industrial Revolution involves a £1bn fund to facilitate CCS deployment in two industrial clusters by the mid-2020s and a further two by 2030 and a Net Zero Hydrogen Fund with £240m up to 2024/25.

How SSE can realise this opportunity	Potential financial impact
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SSE is developing plans to support the UK’s transition to net zero and accelerate the decarbonisation of some of the UK’s most carbon intensive regions. SSE is progressing projects in the UK cluster sequencing pro-gramme with carbon capture power plants at Keadby in the Humber and Peterhead in the North of Scotland. SSE is also developing plans for a hydrogen power plant at Keadby and repurposing its Aldbrough Gas Storage site for the safe storage of hydrogen.

SSE’s Net Zero Acceleration Programme seeks to invest £0.6bn in low-carbon flexible thermal generation, mainly carbon-capture technology but with some development investment in hydrogen projects ahead of potential investment decisions in the second half of the decade. Returns from CCS and hydrogen will depend on the level and nature of government support mechanisms, and plant availability, future consumer demand, generation supply mix within the system and energy commodity price volatility.

A sustainable approach continued

Protecting the environment continued

Climate-related risks

VARIABLE WIND GENERATION RISK

Impact: Short/medium/long term

Factors that impact business

Longer term changes in climate patterns cause sustained higher temperatures that may result in lower rainfall and reduced wind levels. These changes may impact SSE's renewable output and associated earnings. Weather variability is a perennial feature of risk for SSE as the largest generator of renewable electricity in UK and Ireland.

Potential impact to SSE

SSE's long-term monitoring of weather changes and current forecasts, established that a plausible scenario of significantly below-average rainfall and low wind combined may result in reduced renewable generation output and associated earnings. In the first half of 2021/22 this risk played out, as SSE experienced one of the driest and calmest summer periods (April to September) on record. By the end of September 2021, Renewable volumes were 30% below plan. Some of this volume was recovered during the winter period, with Renewable volumes ending the year c.13% down on plan.

For the future, it is expected that given SSE's planned trebling of renewables capacity by 2031 that this risk will continue to impact SSE.

Potential financial impact

The impact of this dry and calm period in this financial year was a reduction to adjusted operating profit from plan of c.£140m through the summer period. While the business recovered some of the volume through the second half of the financial year, the financial result for the year was c.£130m below plan.

Further significant and sustained weather patterns similar to this could impact the recoverable value of the assets. A sensitivity to the wind goodwill impairment model was performed with a 15% adverse volume variance, which indicated significant headroom on the carrying value of the assets (see note 15).

There is still potential for events such as those that took place in 2021/22 to occur in the future, and therefore this remains a potential financial impact to SSE Renewables in the short, medium and long term.

STORM DAMAGE NETWORK RISK

Impact: Short/medium/long term

Factors that impact business

Increased severity of extreme weather events, such as storms, floods and heat waves bring prolonged extreme temperatures, wind or rainfall. This may damage or stress network assets resulting in additional costs to repair and maintain the network and the loss of incentive revenue for distribution operators.

Potential impact to SSE

The impact of weather is a perennial feature of operating an electricity distribution network in the north of Scotland and south of England. In an exceptional 2021/22 winter season, seven storms were named by the Met Office including three, Storm Arwen, Storms Malik/Corrie and Storms Eunice/Franklin that became Red Alert events, the most in any year since SSE's records began. Each of these events impacted over 100,000 customers, with a significant number for a multi-day period. Future climate models predict that climate change will continue to bring extreme events such as storms, floods and heatwaves which will impact network assets.

Potential financial impact

Although the impact on the Interruptions Incentive Scheme (IIS) revenue is mitigated during the most severe weather events, there are significant additional costs incurred through the provision of compensation, customer welfare and upweighted operational requirements. In 2021/22, the total cash expenditure incurred on storm responses was £45m, including £18.7m in enhanced guaranteed standards compensation payments, up from the mandated £13.3m, reflecting the extreme nature of the impact on customers.

It is recognised that 2021/22 brought 'once in a generation' levels of impact and disruption, but with climate impacts accelerating the potential remains for similar events to occur across the network in the short, medium and long term, resulting in potential financial impact. As SSE invests in its networks infrastructure, the impacts of climate change are being built into its capital and operational investment plans, including a Climate Resilience Strategy published as part of the RIIO-ED2 Distribution business plan.

ACCELERATED GAS CLOSURE RISK

Impact: Medium term

Factors that impact business

More aggressive climate change policy may bring forward the closure of unabated gas generation from 2030. The UK Government's Net Zero Strategy outlines plans to decarbonise the power sector by 2035 with a target of 95% of GB electricity to be low carbon by 2030. It is plausible that to meet climate change commitments the UK Government (and potentially the Irish Government too) may strengthen climate change policies to require unabated gas generation to cease in the 2030s.

Potential impact to SSE

SSE's existing 5.3GW fleet of installed gas- and oil-fired generation will be nearing the end of its expected life by the end of the 2020s. However, 2.3GW of Combined Cycle Gas Turbine (CCGT) capacity will still be in operation in 2030.

It is a plausible scenario that this capacity will not be able to generate beyond 2030 without low-carbon abatement technology. For assets currently assumed to have a life beyond 2030, it is possible that SSE could invest further in low-carbon abatement technology to prolong their life beyond this date.

However, for the purposes of quantifying this risk, it is assumed that the financial impact of this policy change is the early closure of the remaining gas assets in 2030.

Potential financial impact

Due to market conditions during FY21/22, the short term value of these assets has increased, resulting in the reversal of historic impairments to unabated gas plant of £331.6m. Following this impairment reversal, the value of unabated gas plant as of 31 March 2022 was £1.1bn. This includes Keadby 2, Great Island and legacy GB CCGTs. Of SSE's legacy CCGTs, the current financial assumption is that these will either close by 2030, or SSE will not have a carrying value in the joint venture investment beyond 2030.

The potential impact of this policy change to SSE's impairment model at 31 March 2022 would be an impairment of £41.5m to Great Island and no impairment to Keadby 2 if it were assumed these plant would close in 2030 (see note 15). In addition to an impairment charge, SSE's decommissioning provisions would reduce by £8.4m at 31 March 2022 if the forecast closure date was brought forward (see note 20).

WIND-CAPTURE MARKET RISK

Impact: Medium term

Factors that impact business

In net zero consistent scenarios, the price wind energy can capture is forecast to reduce as more marginal cost wind generation is connected.

All credible pathways to net zero in the UK and beyond assume the dramatic scaling up of wind (especially offshore) generated electricity. This significant growth in wind power output without a corresponding increase in demand represents a potential climate-related transition risk. As wind generation capacity increases, the market (and SSE) expects the average electricity price which wind power receives ('wind capture price') to be less than the average price for electricity ('baseload price'). As wind becomes the dominant source of electricity output it will define the market price, so the volatility of electricity prices correlates to wind output, both high and low. While this is expected in the medium term, and is factored into investment decisions, there is a risk that this lower average price for wind output is more extreme than what the market (or SSE) expects. In the long term, and with careful market design reform, the effect of the wind capture price will stabilise as more low carbon technologies adapt their patterns of demand according to the price signal sent by the market. In its British Energy Security Strategy, the UK Government committed to a Review of Electricity Market Arrangements which will seek, among other things, to ensure future low-carbon generation is fairly remunerated.

Potential impact to SSE

The effect of a wind capture price only materially impacts wind generation that is fully exposed to market prices (or 'merchant' wind output), as it is not supported by government-backed fixed price mechanisms such as the Contracts for Difference. Assuming a build out rate of wind generation assets in SSE's renewable project pipeline [page 85](#), it is assumed there will be 10TWh of merchant wind output in 2029/30.

The scale of any impact of a change to the expected wind capture price would therefore be a function of the assumed wind capture price and the amount of merchant wind electricity generated.

Potential financial impact

The book value of the Group's wind assets at 31 March 2022 is £4.0bn. A sensitivity to the wind goodwill impairment model was performed with a sustained 10% reduction to wind capture price. This sensitivity scenario indicated significant headroom on the carrying value of the assets (see note 15).

A sustainable approach continued

Protecting the environment continued

Targeting improved climate performance

Carbon performance table

This table, taken in conjunction with the energy use information in the Energy use table on page 57 [📄](#), represents SSE's disclosures in line with the UK Government Streamlined Energy and Carbon Reporting requirements. It details SSE's direct and indirect GHG emissions (scopes 1, 2 and 3) performance (measured in million tonnes of carbon dioxide equivalent – MtCO₂e), provided as total emissions as well as split out by UK and Irish activity. It also provides a carbon intensity measure based on direct GHG emissions released for each unit of electricity SSE produced. For more information on SSE's GHG emissions data and how it is produced, see SSE's GHG and Water reporting criteria available at sse.com/sustainability [📄](#).

	Unit	2021/22	2020/21
Total GHG emissions	MtCO ₂ e	9.93^(A)	11.03 ^(B)
Scope 1 GHG emissions – total (UK/Ire)	MtCO ₂ e	5.75^(A) (4.22/1.53)	7.10 ^(B) 6.00/1.10
Scope 2 GHG emissions – total (UK/Ire)	MtCO ₂ e	0.49^(A) (0.49/<0.01)	0.54 ^(B) (0.54/<0.01)
Scope 3 GHG emissions – total (UK/Ire)	MtCO ₂ e	3.69^(A) (2.86/0.83)	3.39 ^(B) (2.66/0.73)
Scope 1 GHG emissions intensity	gCO ₂ e/kWh	259^(A)	256
Total renewable generation output ¹ – total (UK/Ire)	GWh	8,799 (7,602/ 1,197)	9,649 (8,295/1,354)
Total non-renewable generation output ² – total (UK/Ire)	GWh	13,356 (10,394/2,962)	18,045 (15,612/2,433)
Total generation output – total (UK/Ire)	GWh	22,155 (17,996/4,159)	27,694 (24,014/3,680)

1 Totals include pumped storage and biomass output, and exclude GB constrained off wind.

2 Includes 100% output from Seabank power station up to 31 September 2021 when SSE's power purchase agreement to purchase ended, and then excludes output from SSE's 50% ownership share from October 2021 onwards.

(A) This data was subject to external independent assurance in 2022. The Limited Assurance Report can be found at sse.com/sustainability [📄](#).

(B) This data was subject to external independent assurance in 2021. The Limited Assurance Report can be found at sse.com/sustainability [📄](#).

Increasing climate ambition

In 2021/22 SSE announced more stretching climate targets, ensuring its ambitions continue to align to the developing climate science. SSE is now targeting net zero GHG emissions across its scope 1 and scope 2 emissions by 2040 (subject to security of supply requirements) and for remaining scope 3 emissions by 2050.

On its pathway towards its longer-term net zero ambitions, SSE has a series of carbon targets which are approved by the Science Based Targets Initiative (SBTi). Originally set in April 2020, these targets were aligned to a 'well below 2°C' pathway which was the most stretching pathway for the power sector available from SBTi at the time. Since then, the SBTi has published a new pathway for the power sector, allowing electric utilities to set science-based targets in line with a 1.5°C pathway. In November 2021, SSE announced updated targets aligned to

this new 1.5°C pathway and approved by the SBTi. Progress against these more stretching SBTi-approved targets is detailed within this section and makes up part of SSE's progress against its Net Zero Transition Plan.

In October 2021, SSEN Distribution became the first UK Distribution Network Operator to set science-based targets in line with a 1.5°C pathway, verified by the SBTi. These targets play an important role in supporting the SSE Group's net zero ambitions, alongside the 1.5°C-aligned, SBTi-approved carbon targets set by SSEN Transmission in August 2020.

GHG emissions performance

In 2021/22, SSE's total GHG emissions consisted of 58% scope 1 emissions, 5% scope 2 emissions and 37% scope 3 emissions.



Meeting TCFD recommended disclosures:

4. Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. ■

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. ■

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. ■

SSE's total GHG emissions decreased by 10% between 2020/21 and 2021/22. The most material contributing factor was the reduction in energy demand as a result of market conditions and the weather which led to this reduction in GHG emissions. Although SSE's GHG emissions fell over 2021/22, the impact of weather and demand can create exceptional years of change. SSE's overall strategy is to cut GHG emissions in line with its 1.5°C-aligned carbon targets and its 2030 Goals.

Between 2020/21 and 2021/22, GHG emissions arising from electricity generation fell by 19%. These emissions continue to make up 99% of SSE's scope 1 emissions. This was predominantly a result of two factors:

1. The ending of SSE's power purchase agreement contract with Seabank gas-fired power station on 30 September 2021. As a result 50% of emissions from this power station are now reported in SSE's scope 3 GHG emissions category, based on SSE's ownership share; and
2. Output from SSE's thermal generation plant* was 26% lower compared to the previous year, due to planned and unplanned outages and market conditions.

* Includes 100% output from Seabank power station up to 31 September 2021 when SSE's power purchase agreement to purchase ended, and then excludes output from SSE's 50% ownership share from October 2021 onwards.

SSE's total scope 1 and 2 GHG emissions combined were 6.24MtCO₂e in 2021/22, an 18% reduction from the previous year and 44% reduction from the 2017/18 base year of SSE's SBTi-approved carbon target to reduce absolute scope 1 and 2 GHG emissions by 72.5% between 2017/18 and 2030. Overall, SSE's scope 1 and 2 GHG emissions have reduced significantly compared to the base year, reflecting lower output from thermal power stations and the closure of SSE's last coal-fired power plant in March 2020.

Total scope 3 emissions increased by 9% between 2020/21 and 2021/22. This is due to the inclusion of 0.3MtCO₂e emissions from Seabank gas-fired power station from October 2021 onwards. Previously, the power purchase agreement between Seabank and SSE required emissions associated with Seabank to be accounted as scope 1 emissions. From the end of the power purchase agreement in September 2021, the emissions from Seabank are defined as scope 3 emissions according to SSE's continuing 50% ownership share.

GHG emissions from gas sold to customers, which contribute 62% of SSE's scope 3 emissions in 2021/22, decreased by 3%. This was a result of lower market demand. This means GHG emissions from gas sold have reduced by 10% from 2017/18. SSE's SBTi-approved target is to reduce GHG emissions from gas sold by 50% between 2017/18 and 2034.

Change in SSE's scope 1 and 2 GHG emissions since 2017/18

-44%

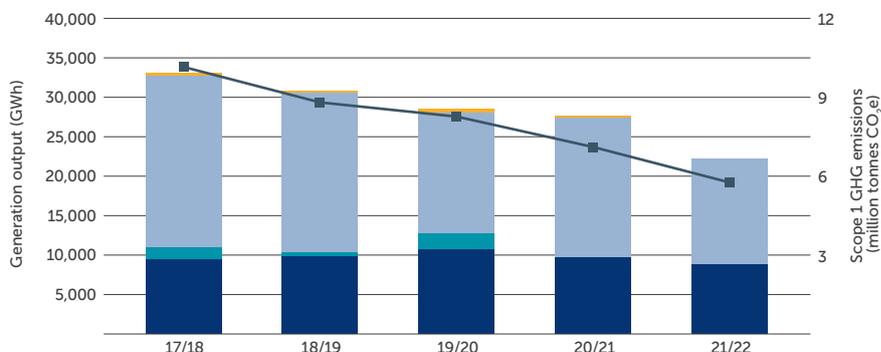
Scope 1 GHG emissions intensity

SSE's scope 1 GHG emissions intensity increased by 1% to 259gCO₂e/kWh from 256gCO₂e/kWh the previous year. There are a series of factors that contribute to the calculation of carbon intensity.

Output from SSE's renewable generation portfolio (inc. pumped storage and biomass) fell to 8.8TWh in 2021/22, from 9.6TWh the previous year. This was driven by exceptionally still and dry weather conditions, with the summer of 2021 being one of the least windy across most of the UK and Ireland and one of the driest in SSE's Hydro catchment areas in the last 70 years.

Output from SSE's thermal generation also fell, and by a greater extent than for renewables output. This meant that the proportion of total generation output contributed to by renewable generation

GENERATION OUTPUT AND SCOPE 1 GHG EMISSIONS



■ Renewables output ■ Coal output ■ Gas and oil output* ■ Multifuel output
— Scope 1 GHG emissions

* In 2021/22, oil-fired generation output contributed around 6% of gas and oil output.

increased to 40% from 35% in 2020/21. The fall in thermal output did not result in a corresponding fall in the GHG emissions intensity, because there was increased generation output from the most intensive generating plant in SSE's portfolio, including from carbon intensive peaking plant in Ireland.

SSE remains on track to achieve its SBTi-approved target to reduce scope 1 GHG emissions intensity by 80% between 2017/18 and 2030, having reduced it by 16% in 2021/22 from the 2017/18 base year levels of 307 gCO₂e/kWh.

Change in SSE's scope 1 GHG emissions intensity since 2017/18

-16%

Working with supply chain partners to drive climate action

One of SSE's SBTi-approved targets is to engage with 50% of suppliers (according to financial expenditure) to set their own science-based targets by 2024. Following on from the workshops held in 2020/21, which facilitated dialogue around science-based targets, during 2021/22, SSE continued to engage with key suppliers through direct engagement and hosted a live webinar, in partnership with the Supply Chain Sustainability School, on the topic of carbon. At 31 March 2022, 48% of SSE's suppliers (by value) had set or committed to set their own science-based targets through the SBTi. Over 2021/22, SSE and CDP Supply Chain collaborated to deliver its first supplier webinar focusing on carbon reporting, which reached over 50 key suppliers and contributed to the highest supplier response rate SSE has had since beginning supply chain reporting.

SSE's key developments in 2021/22:

- SSE total scope 1 GHG emissions reduced by 10%, [see page 54](#).
- SSE's Net Zero Transition Plan sets its GHG targets and actions, [see sse.com/sustainability](https://www.sse.com/sustainability).
- SSE's Net Zero Transition Report summarises SSE's disclosed progress against its Net Zero Transition Plan, [see sse.com/sustainability](https://www.sse.com/sustainability).

A sustainable approach continued
Protecting the environment continued

Conserving the natural environment

A strategy for environmental protection

While SSE’s GHG emissions are its most material environmental impact, it also has wider impacts on the natural world that must be carefully managed. SSE considers these environmental impacts through its Environment Strategy, which sits within SSE’s sustainability hierarchy outlined on [page 39](#). The strategy is founded on robust environmental management and governance, with three core environmental SDGs providing the framework for sustainable environmental development: SDG14 Life Below Water; SDG15 Life Above Land; and, SDG12 Responsible Consumption and Production.

Detail on SSE’s environmental impacts and how it is managing them is outlined in this section, as well as in SSE’s [Sustainability Report 2022](#).

Protecting the natural environment

SSE operates in some of the UK and Ireland’s most remote areas which are home to a wide variety of valuable ecosystems and habitats. It works to manage its impacts of its activities to ensure it protects and, where possible enhance these environments.

All of SSE’s Business Units have signed up to no net loss in biodiversity by 2023 and net gain in biodiversity by 2025 on onshore Large Capital Projects. As part of its approach to biodiversity net gain, SSEN Transmission is implementing its optioneering toolkit which allows consideration of biodiversity at the earliest stages of development and which has won a number of external awards.

With the increasing focus on how to effectively value nature, which has included the publication of the Taskforce for Nature-related Finance Disclosures (TNFD) Beta framework in March 2022, SSE is closely monitoring developments in this area and is now a member of the TNFD Forum, a multi-disciplinary consultative group of over 350 members, to help inform its next steps. You can read more about SSE’s initiative to protect and enhance the natural environment in its Biodiversity Report and [Sustainability Report 2022](#).

Managing water use

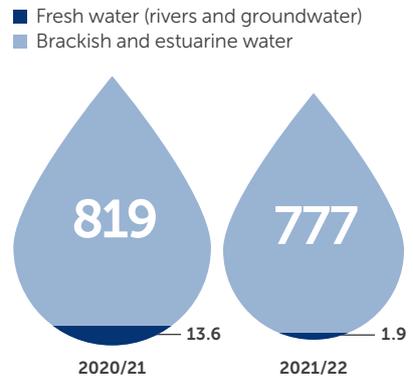
Water plays a significant role in SSE’s operations, being used in the energy production process including as a coolant in power stations and a source for power generation in hydroelectric generators. SSE also uses water as an amenity in its buildings.

SSE has robust policies and processes in place, and works closely with environmental regulators, to ensure that it uses water in a sustainable way in its operations. SSE has an ongoing investment programme within its hydro operations to improve efficiency, enhance water capture and minimise spill from its plant. None of SSE’s thermal and hydro generation assets impact on water stressed areas, as defined by the relevant environmental regulators in the jurisdictions in which they operate.

In 2020/21, total water abstracted by SSE fell to 23,896 million m³ from 26,032 million m³ the previous year. This was largely due to a reduction in water passing through SSE’s hydro generation plant as a result of lower levels of rainfall compared to the previous year. The vast majority (97%) of water abstracted in 2021/22 was used in SSE’s hydro generation operations. This water is technically recorded as abstracted, but it passes through turbines to generate electricity and is returned to the environment almost immediately, and therefore has minimal environmental impact. To help stakeholders to understand a more proportionate environmental

impact, water abstracted volumes are also provided in the table excluding hydro generation data. SSE’s total water abstracted excluding hydro operations also fell over this period. This was predominantly due to a reduction in thermal generation output which resulted in a corresponding fall in water abstracted.

Total water abstracted by SSE (excluding hydro generation) (million m³)



Total water consumed also fell significantly over this period, by over 78%. This was due to reduced output from thermal generation overall, as well as a proportional reduction in the output from thermal power plant with cooling systems that have evaporative losses of water.

	Unit	2021/22	2020/21
Water use			
Total water abstracted	Million m ³	23,896 ^(A)	26,032*
Total water abstracted (exc. hydro generation)	Million m ³	779	832
Freshwater abstracted (rivers and groundwater) (exc. hydro generation)	Million m ³	1.9	13.6
Total water returned	Million m ³	23,895 ^(A)	26,028*
Total water consumed	Million m ³	0.8 ^(A)	3.9*

(A) This data was subject to external independent assurance in 2022. For the limited assurance opinion see [sse.com/sustainability](https://www.sse.com/sustainability).

* This data was subject to external independent assurance in 2021. In 2021/22, additional data points and minor amendments to methodologies has resulted in some 2020/21 figures being restated. For the Limited Assurance Report see the limited assurance opinion see [sse.com/sustainability](https://www.sse.com/sustainability).

SSE's energy consumption

Between 2020/21 and 2021/22, the energy SSE purchased for use in its assets (offices, depots, thermal power stations, gas storage facilities, and data centres) fell by around 16%, from 234GWh to 196GWh.

Energy consumed in SSE's thermal power stations and gas storage facilities fell by 17% compared to 2020/21. This was largely due to a fall in electricity consumed at the now closed Fiddler's Ferry coal-fired power station, as decommissioning activity reduced, and a reduction in energy consumption at SSE's Aldborough gas storage facility.

Energy consumed in SSE's offices, depots and data centres also fell slightly. Despite an increase in numbers of employees working from home due to the pandemic, energy consumption in SSE's facility managed offices has not reduced significantly due to the need to maintain buildings to meet heating and ventilation industry and government guidelines for the safe operation of buildings.

During 2021/22, SSE invested in a range of energy efficiency measures including a programme of LED lighting upgrades to depot sites. Over this period, SSE purchased 100% of its electricity for use in its facility managed offices from renewable sources, backed by renewable guarantees. In 2020/21, 39% of the electricity that SSE purchased for its assets was from renewable sources, up from 29% the previous year.

Data assurance and environmental metrics

SSE takes an integrated approach towards assurance utilising internal audit and external assurance providers to ensure accurate, complete disclosures. Where data has been externally and independently assured, this has been noted in the relevant tables. In all other areas, data is identified and disclosed according to SSE's internal processes, guided by environmental regulations where appropriate.

SSE's 'Better Off' behaviour change campaign, alongside its investment of £12.8m since 2011/12 in energy efficiency and building renewable generation programmes, has helped to reduce carbon emissions from energy used in its facility managed offices by 42% since 2017/18. SSE is a member of the Climate Group's EP100 initiative to encourage businesses to

double energy productivity associated with office and depot buildings by 2030 from a 2011 baseline. From 1 April 2022 onwards SSE will revise its annual reduction target to 7.19% against a 2020/21 baseline, to align with its ambition of achieving a net zero non-operational buildings (offices, depots and data centres) estate by 2035.

	Unit	2021/22	2020/21
Energy use*			
Purchased heat from non-renewable sources – UK/Ire	GWh	3.3/0.08^(A)	3.6/0.14
Purchased electricity from renewable sources – UK/Ire	GWh	73.3/0.98	87.3/0.9
Purchased electricity from non-renewable sources – UK/Ire	GWh	118.6/0	142.4/0

(A) This data was subject to external independent assurance in 2022. For the limited assurance opinion see [sse.com/sustainability](https://www.sse.com/sustainability).

* This information, taken in conjunction with the Carbon performance summary table on [page 54](#), represents SSE's disclosures in line with the UK Government Streamlined Energy and Carbon Reporting requirements.

Managing air emissions

In 2020/21, SSE's thermal generation sites emitted 4,573 tonnes of nitrogen oxides (NOx), compared 4,106 tonnes the previous year, an increase of around 11%. Emissions of sulphur dioxide (SO₂) more than doubled to 3,021 tonnes, from 1,378 tonnes the previous year. In addition, particulate emissions (PM10) rose to 277 tonnes, from 182 tonnes in 2020/21, and mercury emissions to air decreased significantly from 19.5kg in 2021/21, to 1.9kg in 2021/22.

The rising trend across three of these key air emission sources, reflects the increased demand for oil-fuelled peaking plant in Ireland that arose as a result of the need to balance the grid.

In 2021/22, SSE's sulphur hexafluoride (SF₆) emissions increased slightly to 305kg from 295kg the previous year. SF₆ is widely used by the electricity industry around the world due to its insulating properties and therefore its ability to keep people safe from electrical 'arcing', however it is a potent greenhouse gas (GHG). SSE has a number of initiatives to reduce GHG emissions from SF₆ in its networks, including working with suppliers to install SF₆-free alternatives across its electricity transmission network. You can read more about what SSE is doing to reduce the impact of SF₆ in its business activities in its [Sustainability Report 2022](#) and its Net Zero Transition Plan.

	Unit	2021/22	2020/21
Air emissions			
Sulphur dioxide (SO ₂) – thermal generation	Tonnes	3,021	1,378
Nitrogen oxide (NOx) – thermal generation	Tonnes	4,573	4,106
Sulphur hexafluoride (SF ₆) – thermal generation and electricity transmission and distribution activities	kg	305	295
Particulates emissions (PM10) from thermal generation assets	Tonnes	277	182
Mercury emissions from thermal generation assets	kg	1.9	19.5

A sustainable approach continued

SSE's social contribution

Following its publication of the world's first company Just Transition Strategy, SSE has been ranked top in the World Benchmarking Alliance's just transition assessment. Continued leadership on a transition to net zero which happens in a way that is fair and just for workers, communities and consumers is a key strategic objective for SSE.

Generating value across society

Contribution to GDP and jobs

With a £12.5bn Net Zero Acceleration Programme, the way this money is invested can deliver significant economic benefits to communities and businesses in the places SSE operates within. To understand its wider socio-economic contribution, SSE has commissioned PwC to measure the value it adds to GDP and the jobs it supports across the Scottish, UK and Irish

economies for the last 11 years. In total over 2021/22, SSE added £5.8bn to UK GDP, of which over £2bn was in Scotland, and €438m to Irish GDP. While the contribution to Irish GDP was consistent with last year (2020/21: €439m), this represents an increase of 36% increase in the Scottish GDP contribution (2020/21: £1.5bn) and a 12% increase in the UK GDP contribution (2020/21: £5.2bn), driven by

SSE's major investments in projects like Dogger Bank, Seagreen and Viking wind farms. SSE supported a total of 47,130 jobs across the UK and Ireland in 2021/22.

SSE also publishes socio-economic analysis for individual projects. Over 2021/22, SSE published reports on the socio-economic impact of Keadby 3 and Peterhead 2 CCGT plants. All socio-economic reports for the SSE Group and at a project-level can be found on sse.com/sustainability/reporting.

Paying a fair share of tax

SSE has long recognised that paying a fair share of tax is part of its social licence to operate and right to make a profit. SSE has been accredited with the Fair Tax Mark since 2014. This means the Fair Tax Foundation has independently assessed it as having a responsible and transparent approach to paying tax, and that SSE explicitly rules out the use of tax havens or an aggressive approach to tax avoidance.

Over 2021/22, SSE's total tax contribution was £944m, split between £375m in taxes paid (including £70m paid in corporation tax) and £569m in taxes collected. This is a decrease of 5.5%, 5.6% and 5.4% respectively compared to 2020/21. This small reduction was the result of three key drivers: (1) 2020/21 tax figures include the tax contribution from SSE Contracting over the full financial year, whereas the disposal of this business in 2021/22 means that the tax contribution from SSE Contracting was only included up to 30 June 2021; (2) environmental taxes paid were lower this year due to outages at some generation sites; and (3) environmental taxes collected were lower due to lower energy usage by business customers.

2021/22 UK and Irish GDP contribution, jobs supported and taxes paid

UK contribution to GDP

£5.8bn

2020/21: £5.2bn

Ireland contribution to GDP

€438m

2020/21: €439m

UK jobs supported

45,290

2020/21: 41,400

Ireland jobs supported

1,840

2020/21: 2,160

UK taxes paid

£335m

2020/21: £379m

Ireland taxes paid

€46.4m

2020/21: €20.4m



Further information on SSE's tax contribution can be found in the Sustainability Report 2022. Each year SSE also publishes a Talking Tax report which provides detailed information on the taxes it pays in every jurisdiction it operates within, with disclosure of its tax strategy and approach. SSE's Talking Tax reports can be found on sse.com/sustainability .

Targeting sustainable supply chains

An overhaul of SSE's sustainable procurement strategy began in 2020, recognising the opportunity for an increased focus on social and environmental value through its supply chain. SSE's new Sustainable Procurement Code and accompanying Supplier Guidance document were published in April 2021, with both documents available on SSE's website. All suppliers working with SSE must sign-up to the new Code which aligns to the Group's overall sustainability approach and UN's SDGs most material to the Company. The Code sets out in detail the sustainability requirements and expectations for SSE's suppliers.

Over 2021/22, SSE has also embedded risk-based sustainability questions within its new sourcing system for all tender events to support the consideration of sustainability more fully throughout the supply chain, with a weighting of up to 20% for sustainability criteria. Registration and pre-qualification questionnaires have also been reviewed to include enhanced sustainability questions. Recognising the need for improved sustainability data capture from its suppliers, SSEN Transmission also launched its new supply chain reporting tool in 2021/22.

Finally, collaboration with its supply chain partners is central to delivery of SSE's sustainable procurement strategy. Sustainability is now an agenda item at all Strategic Relationship Management (SRM) meetings. With 34 SRM suppliers, each is required to provide a detailed annual business update inclusive of sustainability. SSE has also been working with a number of these suppliers to develop and launch the new global Powering Net Zero Pact (see case study below.)

Embedding sustainability through Large Capital Projects

SSE undertook an initiative over 2021/22 to ensure its Large Capital Projects (LCPs) are designed and constructed to enable the journey to net zero, deliver socio-economic benefits and facilitate a just transition. The newly updated LCP Governance Manual now includes guidance and requirements to embed sustainability through SSE's LCPs, ensuring sustainability risks are mitigated and sustainability opportunities maximised across 10 sustainability criteria. From 1 April 2022, a Sustainability Assessment and Action Plan (SAAP) is required for all new or early development projects, ensuring that sustainability is incorporated into all phases of major project development, construction and operation. Guidance, training and additional resources for project teams were also developed to support the roll-out of this new approach. While sustainability has always been a key consideration in SSE's LCP activity, this work has helped to formalise it as part of the overall governance approach.

Delivering local opportunities and community investment

An integral part of a just transition is delivering opportunities and sharing value locally. SSE primarily does this in two ways: providing local jobs and supply chain investment; and granting direct funds for community projects. With the level of ambition and action needed to reach net zero, there are many opportunities to deliver sustainable, competitive domestic supply chains which maximise local economic benefits. Information on SSE's focus on supporting local supply chains can be found in the Sustainability Report 2022.

Over 2021/22, £9.7m of community investment grants were administered by SSE Renewables (2020/21: £10.2m). This financed 1,048 community projects across the UK and Ireland, including more than 130 rural jobs, 96 scholarships and 108 community projects which enhance local net zero ambitions. Detailed disclosure on this funding can be found on srenewables.com/communities . In addition to this direct community investment through renewables projects, almost £500,000 was administered to communities through SSEN's Resilient Communities Fund, and a further £1m was donated by SSE directly to the Disasters Emergency Committee in support of humanitarian aid in Ukraine.

ENGAGEMENT IN ACTION SUPPLIERS, CONTRACTORS AND PARTNERS



INTRODUCING THE POWERING NET ZERO PACT

The Powering Net Zero Pact ('the Pact') is a new initiative created by SSE with a group of other leading companies working across the power sector, which was developed as a legacy of COP26. The Pact aims to bring together companies across all tiers of the power sector globally to achieve a fair and just energy transition to net zero.

Over a six-month period, the 11 founding partners of the Pact – which alongside SSE includes: Balfour Beatty; DEME Group; GE Renewables; Hitachi Energy; NKT; RJ McLeod; Siemens Energy; Siemens Gamesa; Subsea 7; and Vestas – met on a regular basis to

agree areas of focus, shared commitments and topics for future collaboration. Together the founding partners operate in over 100 countries, employ more than 240,000 people globally, had a combined turnover in 2021 of around £56bn, and work with approximately 120,000 suppliers.

The Pact focuses on five areas of ambition: (1) achieving net zero carbon emissions; (2) protecting and enhancing the natural environment; (3) transitioning to a circular economy; (4) guaranteeing fair work and sustainable jobs; and (5) adding value to local communities. Each area of ambition has a shared

commitment and area for collaboration. For example, to achieve net zero, Pact signatories commit to working towards 1.5°C science-based carbon targets by 2025 and will participate in a working group focused on the quantification of scope 3 carbon emissions.

The Powering Net Zero Pact launched in Glasgow in May 2022, six months on from COP26. Any company involved in the power sector which shares the ambition of the Pact can become a signatory. More information can be found on sse.com/sustainability/poweringnetzeropact .

A sustainable approach continued SSE's social contribution continued

Guaranteeing fair work and good jobs

Growing green jobs

The scale of growth needed to deliver SSE's net zero ambitions will result in significant employment opportunities. SSE plans to create 1,000 jobs every year to 2026. Opportunities will be created for new employees across a range of positions in many different areas across the UK, Ireland and beyond.

The sharpening of SSE's strategic focus around electricity infrastructure and net zero saw it continue with planned disposals of non-core business areas over 2021/22. These changes, which impacted around 2,300 employees, were undertaken with full consultation with impacted employees and employee representatives.

Due to the disposal of certain business areas, SSE's headcount reduced from 12,489 at the end of 2020/21 to 10,754 at the end of 2021/22. However, to meet the demand of its other growing Business Units, the total number of people joining SSE rose from 1,529 in 2020/21 to 2,290 in 2021/22. This means that SSE filled a total of 3,195 positions across internal and external recruitment over 2021/22, an increase of 43% from 2020/21. The size of SSE's contingent workforce reduced between 2020/21 and 2021/22, from 1,950 to 1,767 people. This is attributed in part to the reshaping of the business and in part to the impact of the IR35 tax regulations.

SSE's employee retention levels in 2020/21 were historically high. As stated in the Annual Report 2021, this was largely attributed to the coronavirus crisis and consequential reduced activity within the wider labour market. Coinciding with the easing of coronavirus restrictions, SSE's 2021/22 retention levels have decreased compared from 2020/21, from 92.1% to 90.5%, however this remains higher than the 2019/20 retention rate of 88.0%. SSE's 2021/22 voluntary turnover rate was 7.8% (2020/21: 3.6%, 2019/20: 6.5%). Attraction and retention of employees remains a key focus for SSE.

Committed to leading labour standards

Creating job opportunities is an important element of the just transition to net zero, however ensuring these are high-quality jobs is equally important. SSE implements robust

labour standards in line with its responsible employer ethos, going beyond minimum standards to ensure that those that work for it, either directly or on its behalf through its supply chain, are treated fairly and with dignity and respect.

Protecting health and safety

Safety remains SSE's first priority with the objective that 'everyone gets home safe'. In the 2021 all-employee Great Place to Work survey which had a 77% response rate, 92% of employees said that they work in a safe and healthy work environment and 90% said that SSE makes it easy for people to do the right thing on Safety, Health and Environment.

Over 2021/22, SSE achieved 254 Safe Days (days where there were no minor, serious or major SSE or contractor safety or environmental incidents or any incident with high potential for harm to people or the environment) and reported a Total Recordable Injury Rate (TRIR) for employees and contractors combined of 0.17 per 100,000 hours worked. The number of Safe Days decreased and the TRIR increased in 2021/22 compared to 2020/21. SSE believes this is a result of employees continuing to manage the implications of the coronavirus pandemic and changes in working patterns, including a significant increase in contractor hours. Support for employees during the coronavirus pandemic continued over 2021/22.

Further information on SSE's health and safety performance over 2021/22 is provided in the Safety, Sustainability, Health and Environment Advisory Committee report on [pages 164 to 167](#) and in the [Sustainability Report 2022](#).

Paying the real Living Wage

SSE has been a Living Wage accredited employer in the UK since 2013 and has paid the Living Wage in Ireland since 2016. SSE began chairing Living Wage Scotland's Leadership Group in April 2021 and the company is now beginning to explore how it extends its commitment to paying workers a real Living Wage beyond just the UK and Ireland.

Guaranteeing secure working hours

Living Hours guarantees workers with fair and secure working hours alongside a real Living Wage, specifically requiring:

- Decent notice periods for shifts of at least four weeks, with guaranteed payment if shifts are cancelled within this notice period;
- The right to a contract that reflects accurate hours worked; and
- A guaranteed minimum of 16 hours a week (unless the employee requests otherwise).

Since its accreditation as a Living Hours employer in March 2021, SSE has been working to roll-out this enhanced standard across its supply chain. It also continues to be a member of the Living Wage Foundation's Living Hours Steering Group where it provides advice and a business perspective on how to grow the accreditation initiative.

Recognising the issue of work security more broadly, the vast majority of SSE employees are on permanent contracts. In 2021/22, 94.4% of employees were on permanent contracts, 0.6% were on non-guaranteed or short hour contracts, and 5% were on temporary contracts.

Developing employees from within

SSE's investment in learning, training and development increased to £7.5m in 2021/22 from £6.8m in 2020/21. Average training hours per full-time employee also returned to near pre-pandemic levels (2021/22: 20.7, 2020/21: 9, 2019/20: 23.4), with 84.2% of SSE's employees receiving some form of training over the year.

In addition, while the number of people on one of SSE's pipeline programmes (apprenticeships, technical skills trainee programmes, graduate programmes, conversion programmes and other pipeline programmes) remained relatively static (2021/22: 465 individuals, 2020/21: 470 individuals), the decrease in SSE's headcount meant that this actually represented a notable increase in the proportion of SSE's workforce on a pipeline programme, rising from 3.8% to 4.3%. Investment in pipeline programmes also increased to £9.8m in 2021/22 from £9.0m in 2020/21. This brings SSE's total investment in pipeline programmes over the last three years to just under £30m.

More information on SSE's approach to learning and development and its training programmes can be found in its Sustainability Report 2022.

Boosting inclusion and diversity

SSE understands that greater inclusion and diversity is central to its success going forward, which is why it has reviewed and refocused efforts over 2021/22 to accelerate progress. Detail can be found on the inclusion and diversity section of this report (see [pages 64 and 65](#) and within SSE's Inclusion and Diversity Report 2022, available on sse.com/sustainability/reporting).

Valuing employee voice

Everyone that works for SSE has the fundamental right to freedom of association and to join a trade union. SSE has four recognised trade union partners (Prospect, Unite, Unison and the GMB)

which it works with through the Joint Negotiating and Consultative Committee and through regular on-going dialogue. In 2021/22, 54.2% of SSE's total direct workforce were covered by collective bargaining agreements.

Broader incorporation of employee voice is recognised by SSE as an important part of decision-making and strategy. See the stakeholder engagement section on employees on [page 34](#) and the case study below for more information.

Providing employee benefits

SSE offers a wide range of employee benefits, detailed on careers.sse.com/employee-benefits. This includes

flexible working arrangements, 21 weeks of fully-paid maternity leave, all-employee share plans, a holiday purchase scheme, cycle-to-work schemes, salary sacrifice low emissions car scheme, and technology loans. 96% of SSE's employees participated in one of its pension schemes over 2021/22.

Transparency of workforce disclosure

SSE provides open disclosure on its direct and supply chain workforce. In 2021/22, the company participated in the investor-led Workforce Disclosure Initiative (WDI) survey for the sixth consecutive year, remaining in the 10% of submissions for open disclosure.

ENGAGEMENT IN ACTION EMPLOYEES



SUPPORTING WORKERS TRANSITION FROM HIGH TO LOW-CARBON CAREERS

Over 2021/22, SSE undertook wide-ranging stakeholder engagement on its just transition approach. This included meeting and consulting with policy makers, trade union partners, suppliers, oil and gas companies, investors, academics, and industry and skills bodies. Most importantly though, SSE sought insights from its own employees.

Using SSE's 2021 Great Place to Work survey, the company established that more than 1 in 5 of all employees had previously worked in high-carbon roles, rising to as high as a third of all employees in certain parts of the business such as SSE Renewables. To understand the drivers of change, and what SSE could do better to further attract and retain people from high-carbon industries, the Company undertook qualitative research with employees that had previously worked in high-carbon roles. Over 150 of these employees answered a detailed just transition survey, providing SSE with rich information about their experiences and offering feedback for the company.

These findings, and the wider engagement with other stakeholders, were used to inform SSE's second report on the just transition which was published in September 2021. This

report, *'From Principles to Action'*, looks specifically at how best to support workers make the move from high to low-carbon careers. It outlines 20 commitments for SSE as well as 10 recommendations for industry and 10 recommendations for Government. It also includes 137 individual pieces of advice from SSE employees that have made the transition, verbatim and uncensored.

At an industry and government level, these recommendations include developing 'all energy' frameworks for skills, fair work terms where there is public sector support for climate action, and making sure net zero sector plans embed the concept of a just transition. For SSE, commitments include things like not asking for industry-specific experience unless it is genuinely required, piloting an engineering conversion programme, and paying for workers to develop the skills they need.

SSE has continued to work with its employees on its just transition approach. Beginning in March 2022, a programme of just transition employee focus groups commenced to gather deeper insights on the opportunities and challenges from a worker perspective. This included an employee focus group session in March 2022 held

jointly with one of SSE's recognised trade union partners, Prospect. SSE has also created a new page on its careers website specifically designed for those interested in joining the company from high-carbon sectors.



SSE's Just Transition Strategy, its 'From Principles to Action' report and wider information on its just transition approach is available on sse.com/sustainability/just-transition.

A sustainable approach continued SSE's social contribution continued

Promoting and maintaining a healthy business culture

SSE is a business growing and changing for a net zero world. Underpinning this is a strong commitment to a healthy business culture that supports people to do the right thing.

SSE's guide to good business ethics is updated regularly, and underwent a full review over 2021/22. The guide applies both to direct employees and those that work on SSE's behalf. It is promoted to all employees through SSE's internal communication channels and mandatory elearning modules, and is highlighted to suppliers on page 1 of SSE's Sustainable Procurement Code. Topics covered include bribery and corruption, fair competition, business separation, engagement with politicians and regulators, modern slavery, safeguarding the environment, managing data and cyber security. SSE's 'Doing the Right Thing' guide is publicly available on sse.com/sustainability/policies-and-assurances .

In addition to this overall guide, guidance and supporting documents to help employees do the right thing include SSE's Financial Crime Guide, Anti-Financial Crime Framework, Group Inherent Fraud Risk

Register, Corporate Hospitality Procedure, and iComply portal.

Specific responsibility for financial crime horizon scanning, regulatory news and preparing internal financial crime updates sits with SSE's Group Anti Financial Crime Officer, with each of SSE's business units having their own Anti Financial Crime Officer that provide further support and guidance. SSE's Anti-Corruption and Financial Crime Committee reports directly into the Group Risk Committee and is responsible for driving adherence and monitoring implementation of SSE's Group Corruption and Financial Crime Prevention Policy which is also publicly available.

To ensure a constant minimum standard across SSE's workforce on good business ethics, SSE has a suite of mandatory ethics and compliance training modules. This includes modules on Fraud Awareness, Bribery and Anti-Corruption, and Anti-Money Laundering and Financial Sanctions which all employees must complete bi-annually, with additional modules on competition law and REMIT for selected employees.

A review of cultural metrics is undertaken by SSE's senior leadership and a review of SSE's cultural dashboard is undertaken by the Board twice annually (see [page 141](#) .

Reporting and investigating wrongdoing

While SSE aims to reinforce a healthy culture at all levels of the organisation, it knows that sometimes things go wrong. The company therefore has an independent whistleblowing channel, SafeCall, as well as internal channels which employees can use to speak up against wrongdoing. SSE's Group Whistleblowing Policy is available on sse.com/sustainability/policies-and-assurances , with the effectiveness of SSE's whistleblowing arrangements reviewed twice yearly by the GEC and the Board.

Over calendar year 2021, there were 52 reports of wrongdoing made through SSE's speak up channels, a 21% decrease from 66 reports over calendar year 2020 which is understood to be driven primarily by the impacts of Covid-19. Of these 52 reports: 17% related to Dishonest Behaviour (Fraud/

Theft/Bribery/Integrity/Money Laundering/Corruption); 27% related to HR (Bullying/Harassment/Victimisation); 4% related to Inclusion and Diversity (Racism/Discrimination/Unfair Treatment); 50% related to Health and Safety (General Safety/Covid-19/Environmental/Product Contamination); 2% related to Drugs/Alcohol; and 0% related to Regulatory Compliance.

All of these reports of wrongdoing were passed on for formal investigation. one resulted in dismissal; four resulted in warnings issued; five resulted in no action taken; one was subsequently investigated as a grievance; 10 were investigated and partly substantiated but with no action taken; 19 were investigated but with the case was not proven; four resulted in an initial investigation establishing that there was insufficient evidence to proceed further; and eight cases could not be investigated due to insufficient information to establish the nature, cause, location or otherwise of the allegation being provided.

Encouraging a 'speak up' culture is fundamental to an ethical business culture. People that work for SSE or on its behalf are encouraged to speak up without fear of retribution. SSE's Speak Up Aftercare Programme has been designed to promote good communication with people who speak up and reassurance that there will be no detriment for anyone speaking up in good faith. The Programme takes the form of a survey that is issued at the point of initial complaint, at 90 days and then at 180 days. Each survey is slightly different, having been designed to ensure that there is opportunity to highlight detriment in any form, provide an outlet for discussion and resolutions, and also seek feedback for SSE on the user experience, ease of reporting, what went well and to constantly improve the service we are offering.

Targeting modern slavery risk

Protecting human rights and mitigating against the risk of modern slavery is the foundation of any good business and a fair and just transition to net zero. Over 2021/22, SSE continued to increase focus on this issue through delivery of its targeted Modern Slavery Action Plan. This Action Plan was created in 2020/21 following a gap analysis of its human rights approach



SSE's 'Doing the right thing' guide to good business ethics is available on sse.com/sustainability .

by experts Stronger Together, with detail of this process provided in SSE's Modern Slavery Statement 2021.

Key developments over 2021/22 are highlighted below, with further information reported within SSE's Modern Slavery Statement 2022 which will be published on the [sse.com](https://www.sse.com) homepage in August 2022.

- Major initiative undertaken to embed sustainability, including human rights, through SSE's Large Capital Projects governance process (see [page 59](#));
- Deep-dive risk assessments of the supply chains of two major infrastructure projects undertaken by Stronger Together;
- Stronger Together carried out two on-site human rights assessments during the construction of two major SSE projects in the UK;
- Enhanced engagement and further commitment to collaborate on modern slavery in global supply chains with strategic suppliers (see [Powering Net Zero Pact case study on page 59](#));
- Roll-out of employee awareness raising and development of bespoke learning pathways for priority employees;
- Creation of a Human Rights Working Group, which reports on progress to SSE's Human Rights Steering Group;
- Active collaboration with peers through the Utilities Against Slavery group, facilitated by the Slave Free Alliance, and SSE's partnership with the Supply Chain Sustainability School.

SSE ranked 2nd out of 47 companies in the utilities sector in the Global Child Forum and the Boston Consulting Group's The State of Children's Rights and Business 2021 Benchmark. The benchmark assesses a total of 832 companies' approaches to human rights issues affecting children, using publicly available information.

SSE sees proactive stakeholder engagement – like this school visit to Viking wind farm – as key to a healthy business culture.



A sustainable approach continued
SSE's social contribution continued

SSE's enhanced Inclusion and Diversity Strategy

The innovative solutions required to deliver net zero need a workforce with diverse perspectives, different experiences, and new skills. Over 2021/22, SSE has refreshed its strategic approach to inclusion and diversity, recognising that this is an essential driver to deliver net zero in a way that is fair and affordable.



SSE's Inclusion and Diversity Report 2022

Reflecting its increased strategic focus to drive greater inclusion and diversity across the business, SSE has published a new comprehensive standalone Inclusion and Diversity Report 2022, providing detailed information on SSE's updated Inclusion and Diversity Strategy, progress made, and a range of key performance indicators for 2021/22. Transparency on its inclusion and diversity approach allows SSE to share successes and learnings, as well as gain feedback from key stakeholders. Read the report on [sse.com/sustainability/reporting](https://www.sse.com/sustainability/reporting).

In 2021/22, SSE refreshed its Inclusion and Diversity Strategy by developing four strategic areas of focus: (1) Ambition; (2) Education and Development; (3) Inclusive Processes; and (4) Employee Voice. The new strategy relies on a collective effort and focus from all leaders. Actions to help shape and influence positive change in delivering greater inclusion and diversity are informed through collaboration with external partners to identify opportunities for further improvement, as well as listening to employees' lived experiences.

The refresh ensures SSE delivers greater inclusion and diversity across all levels of the Company and embeds systemic and behavioural change, supporting the delivery of SSE's 'IN, ON, UP' approach which it has been implementing since 2017. This approach, developed with inclusion experts EAInclusion, focuses on attracting diverse talent IN, enabling them to stay ON, and supporting them to progress UP, by providing opportunities that are fair and transparent for all.

A high-level overview of progress against the new strategy is outlined on these pages, with more detail available in SSE's [Inclusion and Diversity Report 2022](#).

1. Ambition: setting measurable goals

SSE has simplified its gender reporting and set new stretching gender ambitions in 2021/22, approved by the Group Executive Committee (GEC) and Board-level Nomination Committee. This includes increasing the proportion of women within the GEC and Direct reports to 40% by 2025, in line with the FTSE Women Leaders Review. In addition, SSE will increase female representation in its wider Leadership Group, which covers around 900 employees, to 40% by 2030, as well as increase overall female representation across the company to 33% by 2030. Performance against these ambitions is shown in the table on the following page, with information on key changes detailed below.

As at 31 March 2022, female representation across the Group Executive Committee and Direct Reports population (excluding administrative employees) was 22.4%. This represented a reduction from the 2020/21 level of 25% and was attributed to six men joining this population, whilst the number of women remained the same.

Between 31 March and the last practicable day for inclusion in the Annual Report 2022, 24 May 2022, a number of planned changes within the above group came into effect. These were the effective appointment of Catherine Raw as MD, Thermal as previously announced in February 2022; structural changes across the SSE Renewables

2022 gender pay gap

SSE's headline gender pay gap figures as at 5 April 2022 are provided below, with further data, analysis and disclosure of actions taken to reduce the gap provided in SSE's [Inclusion and Diversity Report 2022](#). SSE has voluntarily disclosed its Ireland Gender Pay Gap since 2021, calculated in line with the UK Gender Pay Gap methodology, based on a snapshot date of 5 April. The figures below follow this approach for 2022. In May 2022, the Irish Government launched new mandatory requirements for calculating the Gender Pay Gap in Ireland, which will require companies to use a June 2022 snapshot date and report this data publicly by December 2022. The June 2022 snapshot is beyond the last practicable day for inclusion in the Annual Report 2022 (being 24 May 2022), but SSE confirms the data will be reported in line with stated December deadline.

UK (93% of SSE's total 2021/22 workforce)

Mean gender pay gap:

13.2%

2021: 16.5%

Median gender pay gap:

18.0%

2021: 18.3%

Ireland (7% of SSE's total 2021/22 workforce)

Mean gender pay gap:

18.4%

2021: 18.9%

Median gender pay gap:

25.6%

2021: 27.1%

SSE's Gender Ambitions

Gender split of:	Year	Ambition	24 May 2022 ³ % Female (Male/Female headcount)	31 March 2022 % Female (Male/Female headcount)	31 March 2021 % Female (Male/Female headcount)
Group Executive Committee (GEC) ¹	–	–	20% (8/2)	25% (6/2)	25% (6/2)
GEC ¹ and direct reports (excl. administrative roles)	2025	40% female	34.2% (52/27)	22.4% (45/13)	25% (39/13)
Leadership Group ²	2030	40% female	–	23.7% (681/212)	20.2% (649/164)
All employees	2030	33% female	–	28.8% (7,658/3,096)	26.4% (9,190/3,299)

- 1 In the context of gender reporting, the GEC includes all members of the GEC and the Company Secretary. This is the definition of senior managers in SSE for the purposes of s414C(8)(c)(ii).
- 2 Employees in SSE's senior level pay grades.
- 3 24 May 2022 is the last practicable day for inclusion in the Annual Report 2022.

Leadership Team following Stephen Wheeler's appointment as MD, SSE Renewables in January 2022; and the Director of HR and Director of Corporate Affairs and Strategy, becoming full members of the Group Executive from their previous positions of Regular Attendee. As a result, female representation in the GEC has decreased from 25% to 20%, but has risen across the Group Executive Committee and Direct Reports from 22.4% to 34.2%.

SSE considers external benchmarking when setting ambitions, which includes the FTSE Women Leaders Review, the successor to the Hampton Alexander, as well as the Workforce Disclosure Initiative, the Bloomberg Gender Equality Index, and the UN Women's Empowerment Principles gap analysis tool.

Supplementing its externally disclosed gender ambitions, SSE tracks progress against a wider range of diversity metrics, including the proportion of women, ethnic minority, disabled and LGBTQ+ employees. Senior leaders have a quarterly focus on progress against broader internal inclusion and diversity ambitions. These metrics are reviewed by the GEC twice yearly and by the Board annually, with the company exploring options for setting diversity ambitions beyond gender.

2. Education and development: focusing on behaviours

Senior leadership commitment to inclusion and diversity is paramount for delivering change, and SSE's leaders have a responsibility to build a culture of belonging for all. To support its senior leaders to do this, SSE invests in behavioural change initiatives and resources.

In 2021/22, SSE provided a series of educational interventions to ensure that inclusion and diversity is prioritised, build

collective leadership confidence to create the right environment, and lead inclusively.

This included the 'Igniting Inclusion Development Programme', developed in partnership with Ashridge Business School, which provided insights, education, and discussion on: the Neuroscience of Inclusion and Diversity; Growth Mindsets; and Psychological Safety. 186 senior leaders participated in this programme, with 94% of those who responded to the feedback survey on the three sessions reporting a better understanding of the topics, and 95% felt more confident in applying their learning.

SSE has dedicated internal webpages which act as a central point of resource for all employees. This includes best practice materials, webinar recordings, learning materials, employee blogs and vlogs to talk about experiences, and manager guides to support employees and managers with how to create an inclusive workplace.

SSE developed a Strategic Secondary School network across 25 priority locations, offering a bespoke programme based on Tomorrow's Engineers STEM Code to inspire and showcase the range of opportunities within the energy sector. The secondary schools are chosen by indicators such as high levels of Black, Asian and Minority ethnicities, areas of deprivation, gender imbalance in STEM subjects, and attainment gaps or rurality.

SSE is currently working with its social mobility education partner, Teach First, to build a Just Transition themed programme for all primary schools throughout the UK and Republic of Ireland. The content for both primary and secondary is curriculum aligned, inclusive and demonstrates diversity.

There are 38 secondary school Strategic Partnerships with a STEM Volunteer community of 365 across the Businesses, geographic spread and various disciplines. In 2021/22 SSE delivered over 159 educational interventions across the UK, with an average

score of 9/10 for both "Helpful to pupils' learning" and "Helpful to pupils' career aspirations" from the host teachers.

3. Inclusive processes: embedding best practice

Developing robust policies and processes, to embed inclusion and diversity, ensures SSE creates a workplace that supports all employees and future employees. SSE believes improved diversity characteristics are a result of embedding best practice into existing process and routinely reporting on key drivers of inclusion.

A "Hiring for Difference" scorecard, which is reviewed by the Group Executive Committee and Board quarterly, shows progress against targets on the percentage of diverse recruitment panels, number of roles openly advertised, and the promotion of flexible working for senior hires. Over 2021/22, these metrics have improved significantly to over 90% for each, with the number of diverse panels more than doubling since April 2021.

In addition, using diverse job candidate short-lists has improved from 33% in Q1 2021/22 to 80% in Q4 2021/22. SSE increased its hiring rate of women into its Leadership Group (around 900 employees), from 15% over 2020/21 to 32% over 2021/22, and as a result the female representation in SSE's Leadership Group has increased from 20.0% to 23.7%. In addition, SSE prioritised transferable skills in job descriptions, over technical skills, to increase the diversity of job applicants. This was done through facilitated workshops which challenged the details, tasks, and key requirements of job roles.

4. Employee voice: actively listening

Listening to SSE's employee voice helps to build trust with its employees, drives innovation, and focuses business priorities. It also helps employees feel valued, resulting in better job satisfaction and increased opportunities for development. Over 2021/22 SSE has listened to employees' lived experiences on subjects such as graduate recruitment and used this to drive inclusion and diversity forward by influencing the breadth and types of universities that it engages with as well as how information about SSE is positioned.

SSE's 'Belonging Communities' aim to unite employees by encouraging open and constructive discussion. Focus groups were carried out over 2021/22 with several Belonging Communities, exploring how external best practices compare to lived experiences to create bespoke plans of action to help SSE be even more inclusive.

A sustainable approach continued
SSE's social contribution continued

Providing access to affordable and clean energy

Avoiding the next energy crisis

With post-pandemic market tightness and the Russian invasion of Ukraine, energy prices have been at generational highs feeding into a cost-of-living crisis that looks to continue until at least spring 2023. SSE has engaged widely with governments, devolved administrations, regulators, and other stakeholders, both bilaterally and through its trade associations, to inform options for near term alleviation of the impact of rising energy bills on households and businesses in the UK and Ireland, particularly the most vulnerable.

To help reduce the economy's exposure to gas imports in the medium term, SSE has worked closely with governments, including on the UK's British Energy Security Strategy, to ensure its £12.5bn Net Zero Acceleration Programme (NZAP) can have the greatest impact in reducing energy costs. To help protect the UK and Ireland from the next energy crisis, SSE has commissioned independent analysis to inform developing plans which aim to reduce costs, gas and carbon as soon as possible.

Responding to the affordability challenge

SSE recognises the huge challenges faced by its customers during the current affordability crisis. Over winter 2021/22, SSE Airtricity provided up to €500,000 of funding for customers requiring additional support. The company has also established a €1m fund to directly support customers who may be struggling to pay their bills. The business also made a donation of €1m to a trusted all-island charity partner to support hard-to-reach cohorts struggling with the cost of living. In May 2022 a price promise was announced by SSE Airtricity to hold energy tariffs for existing domestic financially vulnerable customers in Ireland for the remainder of the year.

SSE Airtricity has also expanded the range of external stakeholders it works with to include agencies working directly with customers in financial difficulty. The development of these partnerships has helped support direct referrals and provided better support for customers who are struggling. SSE is also supporting

customers with energy efficiency measures, including some free of charge energy upgrades to those experiencing fuel poverty, see the next page.

Providing an inclusive service

SSEN Distribution attained the British Standard for inclusive service provision (BS 18477) for the sixth year in a row in 2021/22. This was achieved through rigorous assessments to ensure SSEN's policies, procedures and services are accessible and fair to all customers.

SSEN Distribution's Priority Services Register (PSR) also provides help to those who need it most on the rare occasions there is a power cut. Throughout 2021/22, SSEN has been encouraging customers to sign up to the PSR, raising awareness of free additional services via podcasts, events, posters, and partnerships. The PSR had 768,104 people registered on it in at the end of 2021/22 (2020/21: 770,844). This covers 71.3% of eligible households in SSEN's distribution network areas, an increase from 68.5% in 2020/21.

ENGAGEMENT IN ACTION
 ENERGY CUSTOMERS



RESPONDING TO EXCEPTIONAL WEATHER EVENTS

In response to a 2021/22 winter of consecutive exceptional weather events, SSEN Distribution teams worked tirelessly to maintain supply with a particular focus on supporting isolated and vulnerable customers. Between November 2021 and February 2022, SSE's network areas in both north and south were tested by six exceptional weather events, including back-to-back named storms with three storms occurring in just one week.

In the aftermath of storms Arwen, Malik, Corrie and Eunice, around 430,000 customers were affected and SSEN's

Priority Services Register, which had been extended in response to the coronavirus pandemic, was used extensively by dedicated outreach teams to proactively engage via phone and text message with vulnerable customers. Engagement with impacted customers was further enhanced on the ground by good attendance at around 90 Local Resilience Partnership meetings. In addition to the reconnection efforts by operational teams, localised support was provided through door-to-door welfare checks and the provision of more than 140,000 hot meals and drinks.

In recognition of the hardship caused for customers by these extreme weather events, SSEN has boosted its Resilient Communities Fund to a total of £2m across licence areas.



Helping homes and businesses go green

SSE Energy Customer Solutions is committed to supporting customers and broader communities to work towards a cleaner, greener future.

In March 2022, building upon the success of existing partnerships with An Post and several Local Authorities across the country, SSE Airtricity became the first nationally accredited one-stop-shop for home energy upgrades with the Sustainable Energy Authority of Ireland (SEAI). As part of this initiative, in April 2022 SSE Airtricity committed to delivering home energy upgrades to up to 600 homes experiencing fuel poverty free of charge. SSE Airtricity has also been awarded the contract to install the first communal heat pump system in Ireland, where 44 of the 88 units are assisted living centres.

During 2021/22, SSE's business customers on green products grew from 6% to almost 30%. Over the year, the business ensured that customers joining or rolling onto new fixed contracts were provided with 100% renewable electricity, matched with independently verified and assured output from SSE's UK wind farms and hydro plants. In May 2021, a simplified Corporate Power Purchase Agreement (CPPA) approach was announced to enable a wider range of customers to purchase energy directly from SSE's renewable assets, giving customers fully traceable access to 100% renewable energy. Finally, in September

2021, SSE also launched the Green EV tariff, which supports businesses running on, or switching to, electric vehicles and enables them to charge fleets with 100% renewable electricity. In response to feedback from SMEs which showed 84% considered product sustainability as an important procurement choice but 50% were unsure of actions required, SSE launched its new Energy Solutions website. The site provides a knowledge centre for customers to access the range of products available from SSE, and assist them with reducing the carbon footprint of their businesses and supply chains.

Unlocking local solutions through global partnerships

As part of its COP26 legacy and inspired by Project LEO, the most ambitious and holistic smart grid trial in the UK, SSEN developed a new global smart grid partnership. Discussions with global and community partners resulted in the launch of the International Community for Local Smart Grids (ICLSG). The ICLSG consists of electricity distribution companies from the UK, Australia, Italy and Japan, with SSEN, Ausgrid and Enel as founding partners. These companies have joined forces to revolutionise and support communities to engage with electricity grids of the future. Launched at COP26, the University of Oxford-led initiative in cooperation with the Enel Foundation, will bring together electricity networks and community energy groups, scientists, and practitioners from across the world to remove barriers to

delivering net zero at a local level and share key learnings from innovation projects, facilitate discussions around challenges and support a collaborative transition to a decarbonised future. In addition to tackling climate change this partnership benefits consumers by building resilient communities.

Increasing accessibility of electric vehicles with Equal EV

A core element of the just transition to net zero is ensuring it is cost-effective, secure and inclusive for all. This means ensuring opportunities are open to all customers and infrastructure is developed in a fair and accessible manner. Over 2021/22, SSEN Distribution continued its partnership with leading charity Disabled Motoring UK to support more blue badge holders to get on the road with EVs, and worked with Energy Systems Catapult (ESC) on the second phase of the Equal EV project. Equal EV aims to overcome the four key barriers preventing disabled motorists from making the switch and benefitting from low carbon transport. This includes: (1) accessibility of charging points; (2) costs of modifications; (3) range anxiety; and (4) lack of support with charging compatibilities. In March 2022, SSEN and ESC produced their first Equal EV report which maps out customer journeys for people with disabilities and identifies how available and emerging technologies can mitigate the barriers and challenges identified in the project's first phase.

ENGAGEMENT IN ACTION
NGOS, COMMUNITIES, CIVIL SOCIETY



BUILDING A SENSE OF COMMUNITY AROUND RIIO-ED2

Communities are at the core of SSEN Distribution's RIIO-ED2 business plan for the next price control. An extensive stakeholder engagement programme in 2021/22 gave more than 25,000 people the opportunity to have a say on the plan, shaping 64 outputs. The process featured qualitative and quantitative research, and 'Citizens Juries' were held on key ED2 topics such as sustainability and innovation while the Managing Director hosted a roundtable with fuel poverty charities, the regulator and consumer groups in November 2021.

COP26 provided a forum to engage on SSEN Distribution's role in a smart and fair transition to net zero through delivery of its ED2 plan. ED2 also featured in the business's established engagement framework which includes a Stakeholder Advisory Panel (meets quarterly); an ED2 Customer Engagement Group (met six times in the year); Inclusive Service Panels (met three times) and Connections Expert Customer Panels.

