

CREATING VALUE IN A SUSTAINABLE WAY

A SUMMARY OF SSE'S SUSTAINABILITY IMPACTS 2017/18



SHARING VALUE FOR LONG-TERM SUCCESS

CREATING INCLUSIVE ECONOMIC GROWTH AND GOOD JOBS

SSE's wider economic contribution is substantially larger than the profit it makes. SSE benefits from and supports inclusive economic growth across the UK and Ireland by developing, owning and operating energy and related infrastructure and services in a sustainable way. SSE has contributed a total of £65.2bn and €6.0bn (in 2017/18 prices) to UK and Irish GDP respectively over the last seven years.

€806M

Contributed to Irish GDP



Direct jobs
Wider jobs supported



£8.6BN

Contributed to UK GDP



Direct jobs
Wider jobs supported

In 2017/18, SSE was ranked as #1 in the FTSE350 for inclusive jobs growth by The Good Economy Job Ratings Index 2017



The economic contribution results are provided by PwC, which has undertaken SSE's economic contribution analysis for every financial year since 2011/12.

CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS:



SUPPORTING PUBLIC SERVICES BY PAYING A FAIR SHARE OF TAX

SSE understands paying tax is an essential part of its social contract to act in the the public interest and to achieving the United Nations Sustainable Development Goals. Paying a fair share of tax is one of the main ways SSE gives back to society and so supports the public services from which it, and its employees, benefit.

UK

TAXES PAID - £484.1M

TAXES COLLECTED - £455.8M



IRELAND

TAXES PAID - €22.6M

TAXES COLLECTED - €56.9M



SHARING VALUE WITH LOCAL COMMUNITIES



£6.5M

INVESTMENT IN COMMUNITIES ACROSS THE UK AND IRELAND

SSE is a large private funder of community projects in both the UK and Ireland. In 2017/18, SSE invested £6.5m in communities across these countries. SSE's community investment contribution includes its Community Investment Funds, Resilient Communities Fund, charitable donations and the financial value of employee volunteering.

DEVELOPING PEOPLE'S TALENT AND SKILLS

CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS:



INVESTING IN SSE'S FUTURE WORKFORCE

SSE faces a potential skills gap in the 2020s and must ensure it has a sustainable pipeline of talent coming into the business now, so that it has a workforce fit for the future. In 2017/18 SSE invested a total of £25.2m in employee learning and development, helping to ensure it creates long, sustainable careers for its employees where everyone has the opportunity to progress within the organisation.

£15.4m of the investment in employee learning development was in SSE's pipeline programmes, which includes apprentices, graduates and Technical Skills Trainees. This brings SSE's total investment in pipeline programmes over the last four years to £48.5m.



1,110

NUMBER OF TRAINEES ON ONE OF SSE'S PIPELINE PROGRAMMES IN 2017/18

A CULTURE OF 'DO NO HARM'

SSE believes all employees and those in its supply chain must be treated, and treat each other, with fairness and respect. This means ensuring the safety of those who work for SSE, paying them fair wages, and creating a healthy business culture.



SSE continued to roll out its 50by20 safety campaign during 2017/18, which sets ambitious targets aiming to change the thinking and behaviour around safety, including new and simplified Safety Family language. SSE's Total Recordable Injury Rate for employees and contractors was 0.20 per 100,000 hours worked in a rolling 12-month period to 31 March 2018, down from 0.22 over the same period to 31 March 2017.

SSE undertook an awareness campaign around business ethics during 2017/18, to encourage employees to speak up if they suspect any wrongdoing. This included the launch of an internal mini-documentary which promotes SSE's externally-hosted and independent whistleblowing phone line and email service, SafeCall.

LISTEN

Creating a culture for employees to speak up

ACT

Responding when wrongdoing is reported

PROTECT

Supporting employees who speak up

IMPROVING INCLUSION AND DIVERSITY

In June 2017, SSE became one of the first FTSE 100 companies to publish its gender pay gap in line with UK Government regulations, and will publish its 2018 statistics in the Sustainability Report 2018, published in June 2018. SSE has set the following initial gender balance targets for the 'NEW' SSE, featuring Networks, Enterprise and Wholesale businesses, with the aim of achieving them within three financial years:



Executive Committee and Direct reports to the Executive Committee: from 20% at present to 30% women by March 2021.



Membership of the Executive Committee and its sub Committees: from 16% women at present to 25% women by March 2021.



Roles at £70,000 (indexed from 31 December 2017) or above, commonly found in Organisational Level (OL) 19: from 14% women at present to 20% women by March 2021.

Information about action SSE is taking to achieve these targets and to be an inclusive employer can be found in the Sustainability Report 2018 and within SSE's full response to the Hampton-Alexander Review on sse.com/beingresponsible.

SUPPORTING A LOW-CARBON TRANSITION

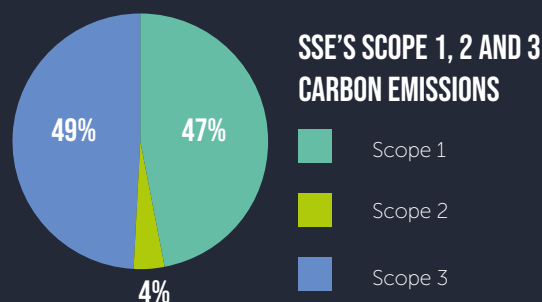
CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS:



SSE'S CARBON EMISSIONS PERFORMANCE

SSE's total carbon emissions (scope 1, 2 and 3) increased by 11% between 2016/17 and 2017/18. The main contributing factor was a 27% rise in scope 1 emissions, largely due to increased thermal generation output. SSE's thermal generation plant made an important contribution to the UK's security of electricity supply in 2017/18, demonstrating the important transitional role of thermal generation in tackling climate change and moving towards a low-carbon world.

Total carbon emissions
21,609
000'S TONNES OF CO₂ EQUIVALENT



ADDRESSING THE CARBON INTENSITY OF SSE'S GENERATED ELECTRICITY

307 Carbon intensity of electricity generated
gCO₂e/kWh

The carbon intensity of the electricity SSE generates, increased marginally from 304gCO₂e/kWh in 2016/17 to 307gCO₂e/kWh in 2017/18. This means SSE met its current target, to reduce the carbon intensity of electricity generated by 50% by 2020 based on 2006 levels, early for the second consecutive year.

A NEW CARBON INTENSITY AMBITION FOR 2030

SSE has now met its 2020 carbon intensity target, and has set a new, longer term ambition for the carbon intensity of the electricity it generates:

SSE aims to reduce the carbon intensity of its electricity production by a further 50% by 2030, based on 2018 levels.

↓ **50%**
BY 2030

Delivering this reduction in carbon intensity will require a stable and investable UK policy framework.

PATHWAY TOWARDS FULL TCFD DISCLOSURE

In June 2017, the Task Force on Climate-related Financial Disclosures (TCFD) published recommendations to encourage businesses to increase disclosure of climate-related information. These recommendations focus on businesses' strategies to manage climate-related risks and low-carbon opportunities, with an emphasis on financial disclosure and the use of scenario analysis.

In November 2017, SSE committed to meeting these voluntary recommendations in full by 2021. SSE will continue to respond to the CDP Climate Change Programme, which links to the TCFD recommendations. SSE's initial response to the four themes of the TCFD recommendations – strategy, metrics and targets, governance and risk management – is outlined within its Annual Report 2018.