

Group Climate Change Policy

Policy statement

SSE's vision is to be a leading energy company in a net zero world. It seeks to: provide the practical solutions for a decarbonised energy sector underpinned by large volumes of renewable electricity; reduce the carbon emissions arising from its own business activities (in line with the ambitions set out in the Paris Agreement and an accelerated pathway to net zero consistent with global warming of no more than 1.5°C); and, increase the resilience of its business by anticipating and adapting to climate-related impacts.

Policy purpose

This policy outlines SSE's approach to implement actions that mitigate and adapt to the impacts of climate change and ensure that climate-related risks and opportunities are integrated into both strategic and operational decision making.

This policy is owned by the Chief Sustainability Officer and is one of a suite of group-level policies that promote a healthy business culture, guide decisions and actions as expected by the company's stakeholders, and make SSE a sustainable company that people want to invest in, buy from, work for and partner with for the long term.



Rachel McEwen

Chief Sustainability Officer



Alistair Phillips-Davies

Chief Executive Officer



POLICY PRINCIPLES

The following principles highlight how we expect the policy statement to be achieved, and should be used to guide behaviours, decision making and action:

Net Zero	<ul style="list-style-type: none"> • SSE seeks to transition to net zero greenhouse gas (GHG) emissions across all its operations, covering direct and indirect emissions. It aims to achieve net zero across scope 1 and 2 emissions by 2040 at the latest (subject to security of supply requirements) and for remaining scope 3 emissions by 2050 at the latest. In support of these longer-term ambitions, SSE has set interim science-based carbon targets, approved by the Science Based Targets initiative (SBTi), aligned to the Paris Agreement and the SBTi's new power sector 1.5°C-aligned criteria. • To support the transition to net zero emissions in the countries in which it operates, SSE will develop, own and operate energy infrastructure that supports the electrification of further key sectors and therefore the decarbonisation of the wider economy. • SSE advocates for fair, just and accelerated actions to achieve net zero through working with policy makers, trade associations and other key stakeholders. SSE will only undertake advocacy activity that is in line with the goals of the Paris Agreement and its own net zero strategy and ambitions. • SSE will ensure that its current and future workforce has the skills and capabilities to support the transition to net zero and will undertake targeted action to support workers transition from high- to low-carbon jobs.
Risk Assessment	<ul style="list-style-type: none"> • Climate Change is a Principal Risk for the SSE Group. SSE assesses both the climate-related risks and opportunities that face its business including the potential financial implications of those risks.
Adaptation	<ul style="list-style-type: none"> • SSE assesses the risk of the physical impacts of climate change, including the increased likelihood of severe weather events, in its business continuity and crisis management plans, and implements climate adaptation plans.
Innovation	<ul style="list-style-type: none"> • SSE collaborates, invests in and develops new technologies to support the delivery of a net zero economy.

Value Chain	<ul style="list-style-type: none"> • SSE advises and engages its value chain on climate-related risks and opportunities to better understand and support the transition to net-zero emissions. • SSE proactively works with its supply chain partners to deliver low-carbon solutions and increase the resilience of the energy system to the impacts of climate change. • SSE seeks to support its energy customers, both domestic and business, to consume less energy with improved energy efficiency and, increasingly, to switch to low carbon sources of energy.
Disclosures	<ul style="list-style-type: none"> • SSE will provide disclosure that meets the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in full and therefore achieve compliance with new TCFD Reporting Requirements. • SSE will propose a resolution at each Annual General Meeting of the Company for shareholders to receive, consider and express non-binding advisory approval of SSE's Net Zero Transition report, which will be produced annually and report on the terms and implementation of SSE's Net Zero Transition plan.



ROLES AND RESPONSIBILITIES

This policy applies to all SSE employees and contingent workers. It is relevant to people contracted to provide services to the Company through third parties.

Where we operate internationally, we will utilise our Group Policies as a default however subject to legal or regulatory requirements of the relevant international domain we may underpin these with local policies and supporting procedures.

The **Group Executive Committee** is responsible for the Group strategy and driving climate-related performance programmes across the organisation.

The **Audit Committee** has oversight of SSE's annual TCFD disclosures in the Annual Report.

Business Unit MD's and **Directors** are responsible for ensuring their business units have identified and are managing climate-related risks and opportunities. The business unit leaders are accountable to the Group Executive Committee for climate-related performance.

Managers are responsible for making sure that their teams understand and comply with the policy and supporting procedures as well as complete any relevant training.

All employees must comply with the policy and supporting procedures and complete all relevant training.

The **Chief Sustainability Officer** is responsible for disclosing SSE's approach and performance around the management of climate-related risks and opportunities to

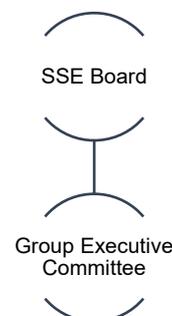
stakeholders. They provide climate-related support to SSE businesses and help ensure that the policy is adhered to through awareness, training and monitoring of policy implementation.



GOVERNANCE

The **SSE plc Board** and **Group Executive Committee** are responsible for the oversight for this policy including the approval of any changes to the policy. This policy is reviewed annually as part of an evaluation process.

Incidents and breaches are reviewed and where appropriate opportunities for improvement are actioned.



TRAINING

SSE engages and provides training material to relevant employees to ensure they have the skills, knowledge and resources to deliver our climate-related commitments.

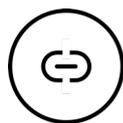


SPEAKING UP

If an employee becomes aware of anything that falls short of our expected high standards of ethical conduct and compliance, they can discuss it with their line or any other manager within the business. Alternatively, when that is not possible any concerns can be raised through the internal reporting method at Speakup@sse.com or externally through SafeCall on one of the following channels:

- Phone:
 - UK - 0800 915 1571
 - Ireland - 1800 812 740
 - All other countries +44 800 915 1571. If you are more comfortable speaking in your own language, an independent telephone interpreter will be made available.
- Email: sse@safecall.co.uk
- www.safecall.co.uk/report

Any wrongdoing brought to light through the Whistleblowing Policy will result in internal disciplinary procedures, possible dismissal and criminal prosecution of individuals involved.



SUPPORTING DOCUMENTS

Further information on SSE's approach to [Climate Change](#) can be found on [SSE.com](#)

Complementary Policies includes:

- PO-GRP-007 [Group Environment Policy](#)
- PO-GRP-012 [Group Political and Regulatory Engagement Policy](#)
- PO-GRP-013 [Group Procurement Policy](#)
- PO-GRP-014 [Group Risk and Internal Control Policy](#)
- PO-GRP-016 [Group Sustainability Policy](#)



DEFINITIONS

Climate-related risks and opportunities: risks and opportunities relating to 1) policy and technological aspects of the transition to a zero-carbon energy system and 2) the physical impacts of a changing climate on people and assets.

Net zero: achieving an overall balance between greenhouse gas emissions produced, and emissions taken out of the atmosphere.

Paris Agreement: an international agreement reached in 2015 aimed at reducing greenhouse gas emissions and limiting global temperature warming to well below 2°C, aiming for 1.5°C.

Task Force on Climate-related Financial Disclosures (TCFD): the TCFD was set up by the G20's Financial Stability Board to develop voluntary, consistent climate-related financial risk disclosures for use by companies.

Comments and feedback on this policy and its application are welcome.

Please contact sustainability@sse.com