



SSE Renewables Sustainability Report 2022



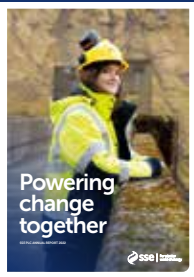
For a better
world of energy

SSE Renewables is part of SSE plc (also referred to as “the SSE Group”) and is a leading developer and operator of renewable energy, with a portfolio of around 4GW of onshore wind, offshore wind and hydro. Its strategy is to drive the transition to a net zero future through the world class development, construction and operation of renewable energy assets.

SSE Renewables is currently building more offshore wind than any other company in the world. It has set a goal to double its current renewable generation capacity to 8GW by 2026 and more than triple current capacity to 13GW by 2031. This increase is expected to result in SSE Renewables generating at least 50TWh of renewable energy output by the end of the next decade, a fivefold increase from 2019 levels.

With a new strategy for ambitious growth in its home markets of the UK and Ireland, and overseas, SSE Renewables is putting sustainability at the core of how it will achieve its goals. This is the first Sustainability Report published by SSE Renewables, representing its increased commitment to embedding sustainability through its operations. Information and data reported relates to the period 1 April 2021 to 31 March 2022 unless otherwise stated. At times, SSE plc data is reported rather than SSE Renewables. This is made clear, with SSE Renewables seeking to build its business-level sustainability data for future reporting.

SSE Renewables welcomes and encourages feedback on this report and its approach to sustainability. You can get in touch with feedback and comments by emailing SSERsustainabilityteam@sse.com.



Looking for more information? SSE's Group-level Annual Report 2022 and Sustainability Report 2022 provides extensive disclosure on the company's overall approach and performance on sustainability topics. See pages 34 to 35 of this report for information on key partnerships and ESG rating and indices performance. All information, including further reports, policies and assurance documents, can also be found on [sse.com/sustainability](https://www.sse.com/sustainability).

Foreword

Powering a sustainable future



After all the promises at COP26, it's time to be bold and take action to address the climate crisis. The world needs clean, affordable, and sustainable energy – quickly and at scale – and SSE Renewables' purpose is to deliver it.

With an estimated \$150 trillion needed to get the world to net zero, we are embarking on an industrial revolution of unprecedented scale with opportunities to bring about massive and lasting positive change. But investment alone is nothing without the right plan and the right people behind it. SSE Renewables is already the UK and Ireland's clean energy champion, building more offshore wind than any other company in the world. And now we're taking that experience to be at the forefront of global efforts to fight climate change.

From creating a 'biodiversity net gain' on projects to supporting thousands of highly-skilled, high-quality jobs, the benefits of delivering more renewable energy will go way beyond preventing carbon emissions being released into the atmosphere. With renewables now the most cost-effective form of electricity generation, SSE Renewables' growing portfolio will both support a more affordable energy future, and ensure countries have the homegrown, sustainable energy needed to wean themselves off volatile fossil fuels.

partnerships at the centre of our approach. From creating the Powering Net Zero Pact which brings the global power sector and its supply chain together to work on shared challenges, to partnering with technology experts to deliver game-changing projects to protect wildlife, we recognise that collaboration is crucial. Ultimately, the only way we're going to deliver a truly sustainable future, powered by renewable energy, is if we work together, across countries, companies, and communities.

We know renewable energy is the backbone of the journey to net zero and, by focusing on delivering it in a sustainable way, we can make the transition a win-win for our environment, our economy, and our communities. As Managing Director of SSE Renewables, I'm determined that the renewable energy our business generates is truly sustainable in every sense. That's why we're putting sustainability at the heart of our business strategy, with a new Head of Sustainability joining our executive team this year to ensure we're delivering on our commitments.

Of course, our success in this challenge will come down to the talent and commitment of our people. With decades of experience as pioneers in renewable energy, our team at SSE Renewables has the knowledge and skills to ensure we lead a fair and just transition to net zero, and beyond. With big ambitions to grow our pipeline, we will be recruiting hundreds of people who share our dedication to climate action and powering change.

But we know we won't be able to achieve all of this in isolation. That's why we have put collaboration and

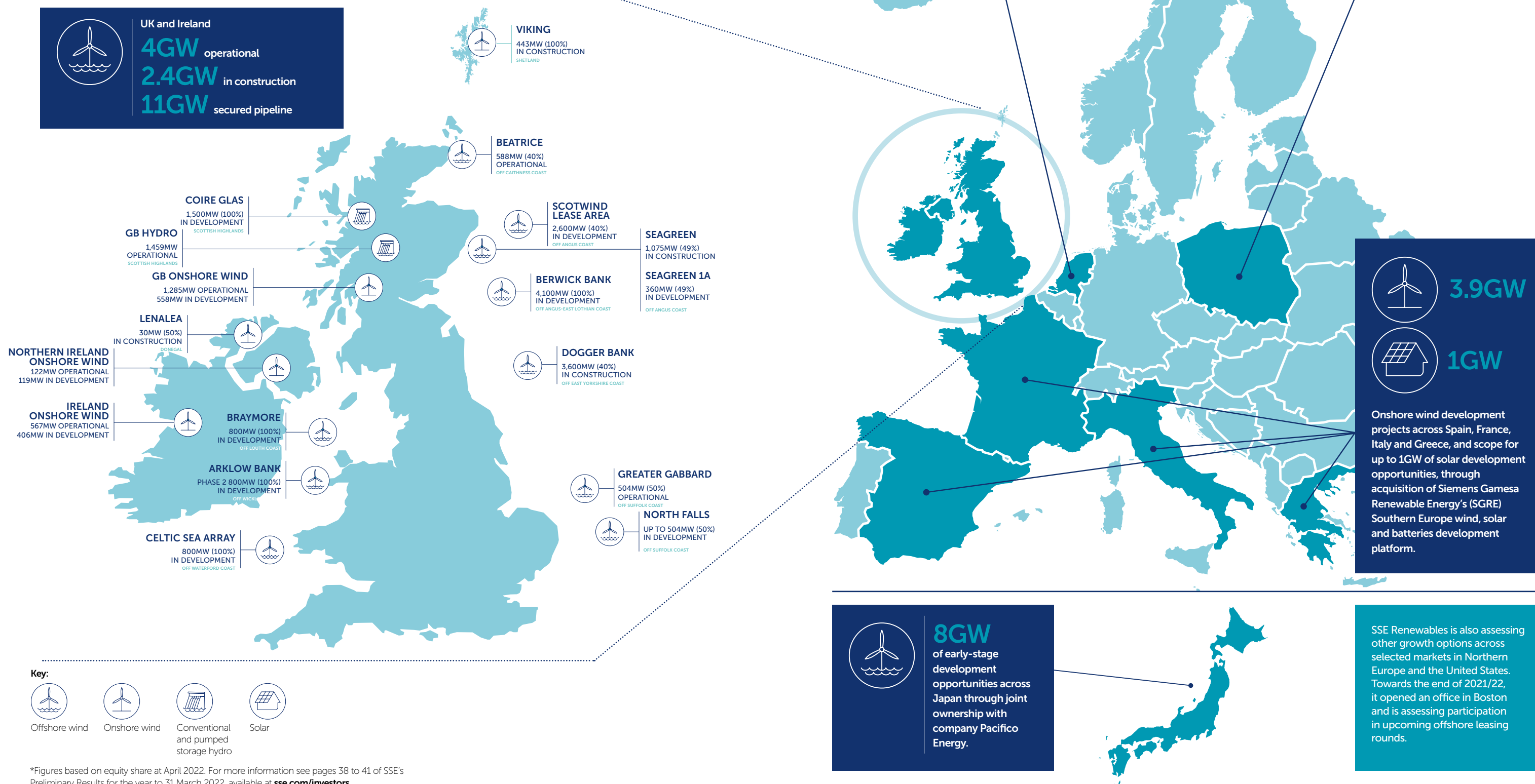
This report is SSE Renewables' first dedicated Sustainability Report. Its purpose is to disclose a reference point for our big ambitions, and a basis from which we can engage with our stakeholders. We know there's a lot more to do, so we welcome your feedback and engagement. You can get in touch with us directly at SSERsustainabilityteam@sse.com.

Stephen Wheeler
Managing Director,
SSE Renewables

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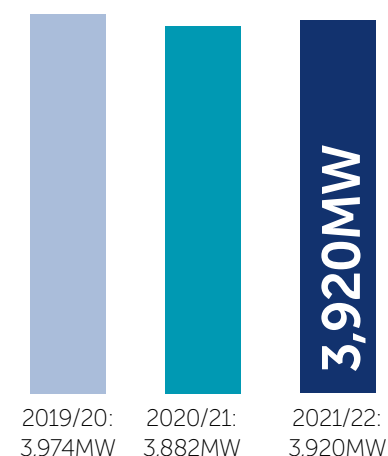
SSE Renewables' UK and Irish operations and pipeline, and international growth opportunities*



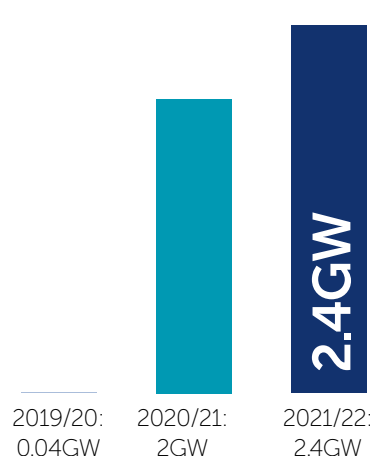
*Figures based on equity share at April 2022. For more information see pages 38 to 41 of SSE's Preliminary Results for the year to 31 March 2022, available at [sse.com/investors](https://www.sse.com/investors).

SSE Renewables: sustainability performance 2021/22

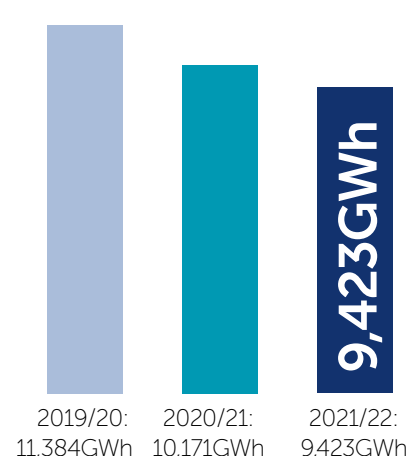
Renewable generation capacity (inc. pumped storage)



Renewable energy capacity in construction¹



Total renewable generation output including constrained off GB wind²



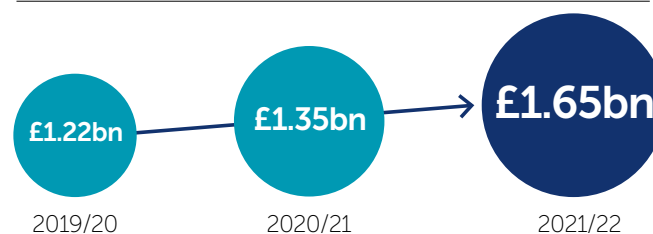
Adjusted investment and capital expenditure

£811m

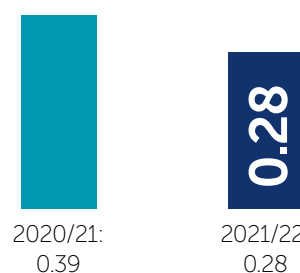
2021/22 (before refunds, excluding acquisitions)

2020/21: £294.3m
2019/20: £342.7m

Contribution to UK and Ireland GDP (combined)



Total Recordable Injury Rate (TRIR) (combined employee and contractors) per 100,000 hours worked



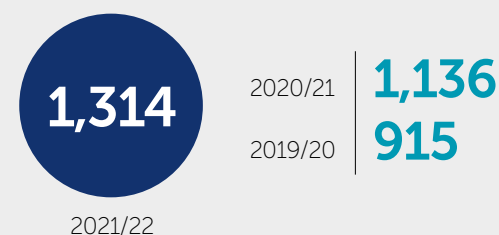
Community investment funds granted

£9.7m

2021/22

2020/21: £10.2m

Employee headcount



Gender split (% female/% male)



¹ Based on equity share at 31 March.

² Totals include pumped storage and constrained off generation.

2021/22 highlights

5x renewable output growth target

As part of SSE plc's Net Zero Acceleration Programme which will see more than £24bn invested in the UK's electricity infrastructure over the next decade, SSE Renewables has set ambitious targets to increase its renewable generation capability. SSE Renewables will double its installed renewable energy capacity to 8GW by 2026 and treble capacity to over 13GW by 2031, increasing output fivefold to over 50TWh annually. This is enough energy to power 20 million homes each year. Read more on SSE Renewables' contribution to net zero on pages 10 to 15.

Growing renewables pipeline at home and abroad

Good progress was made on SSE Renewables' major projects in construction at Dogger Bank, Seagreen and Viking, and 1GW of floating wind was also added to SSE Renewables' domestic pipeline through success in the ScotWind leasing round. The business also made strides internationally through acquisitions in Southern Europe and Japan, and opened offices in Boston, Tokyo and Rotterdam. See a map of SSE Renewables' operations, pipeline and growth opportunities on pages 2 and 3.



Green finance for renewables investment

As the Net Zero Acceleration Programme ramps up, SSE plc has issued a €650m green bond for renewable projects. The green bond will help fund projects currently under construction or recently completed such as the Gordonbush Extension, Viking and Seagreen wind farms, as well as the world's largest offshore wind farm at Dogger Bank. Read more on page 11.

Funding community net zero ambitions

As part of SSE Renewables' £9.7m community investment programme this year, it granted £1.5m to 20 transformational projects across the Scottish Highlands which will help communities respond to the climate emergency. Over current projects' lifetimes, the community investment funds are expected to total more than £310m. Read more about these funds on pages 30 and 31 and in the SSE Renewables Community Investment Review 2022 on saserenewables.com/communities.



Digital innovations to protect nature

SSE Renewables is at the forefront of using cutting edge technology to monitor and protect wildlife close to its assets, in line with its ambitions to create a biodiversity net gain on newly consented projects from 2025 onwards. Read about its partnership with Microsoft and Avanade to use artificial intelligence to count puffin and salmon populations on page 19, along with how the company is using these learnings to push digital innovations further for new offshore projects.

Global leadership on the just transition

SSE plc's work over 2021/22 reinforced the importance of a just transition to net zero, with it being ranked the top company globally in the World Benchmarking Alliance's just transition assessment. In September 2021, the company published a dedicated report focusing on the worker transition and continued its focus on collaboration. See insights from SSE Renewables employees that have made the transition from high-carbon roles on page 25.



Our sustainability approach

Prioritising sustainability to enable success

With a new Managing Director in SSE Renewables from January 2022, sustainability has been made one of the three central pillars of the business's strategy for success: (1) accelerating growth, (2) optimising value, and (3) building a long-term sustainable business.

Reflecting this increased commitment to sustainability, from 1 April 2022 SSE Renewables has a new Head of Sustainability who reports directly to the Managing Director and is a member of the SSE Renewables executive team. A dedicated sustainability team in SSE Renewables will be built up over 2022/23 to embed and deliver this increased focus on sustainability across the business. An update on progress made will be provided in the SSE Renewables Sustainability Report 2023.

Information on SSE Renewables' executive team can be found on sserenewables.com/who-we-are/our-people.

A sustainable approach

SSE Renewables seeks to integrate the principles of long-term social and environmental sustainability within its business strategy. Since 2019, the UN's Sustainable Development Goals (SDGs) have provided the framework to guide the creation of shared value for SSE at a Group level (see the following page). As part of an upcoming materiality assessment of the SSE Group's sustainability impact, SSE Renewables will evaluate the most meaningful contribution it can make to the UN's SDGs and use this to inform a new, ambitious sustainability approach and goals for the business that will be developed over the coming year.

The UN SDGs are a powerful framework, as they represent a consensus of the priorities in achieving global sustainable development. The 17 SDGs and their 169 targets are as important for businesses and other sub-state actors to contribute to, as they are for national governments. The

SSE Group takes inspiration from those goals and targets, and within the SSE plc Sustainability Report each year the company discloses its targets, actions and performance in making a meaningful contribution to the SDGs.

Safety is always the top priority

The safety of everyone who works for SSE Renewables, and the people who work on its behalf, is a long-standing priority. In 2017, at a Group level, SSE introduced a simplified way of talking about safety and health and practical steps by which employees and contractors can enable SSE's safety licence, "If It's not safe, we don't do it". With this 'Safety Family' culture now firmly embedded, a new safety and health Vision 2022+ programme builds on a simple concept: setting teams up for success by making it easier to do the right thing.

Measuring employee sentiment towards safety is an essential part of making sure the right behaviours are embedded across SSE Renewables' workforce. In the annual all-employee survey undertaken in autumn 2021, 92% of SSE Renewables employees said they work in a safe and healthy work environment, and 90% said the company makes it easy for people to do the right thing on Safety, Health and Environment. 93% of SSE Renewables employees also said that they would speak up if they had a concern regarding wrong-doing, unethical or unsafe behaviour.

In 2021/22, the Total Recordable Injury Rate (combined employee and contractors) per 100,000 hours worked for SSE Renewables was 0.28 compared to 0.39 the year before. SSE Renewables will continue to prioritise safety in line with its ultimate aim of making sure 'everyone gets home safe'.

Contributing to SSE's 2030 Goals

At a Group level, SSE has four 2030 business goals aligned to the four UN Sustainable Development Goals (SDGs) most material to its business operations: SDG13: Climate action; SDG7: Affordable and clean energy; SDG9: Industry, innovation and infrastructure; and SDG8: Decent work and economic growth. These four goals are also linked to executive remuneration, with the SSE plc Remuneration Committee determining progress against the goals each year. In January 2022, the SSE plc Board agreed to stretch the 2030 business goals to ensure that SSE's medium-term plans better reflect climate science, the ambitions of governments and SSE's accelerated five-year investment plan. The way that SSE Renewables contributes to each of these four common Group-wide company goals is described below.

SSE Group 2030 Goals

How SSE Renewables contributes



Cut carbon intensity by 80%

Reduce scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO₂e/kWh.

The SSE Group's reduction in carbon intensity is determined by its absolute carbon emissions and the amount of energy it produces. Generating more renewable energy, in line with its ambition to increase output fivefold, is therefore core to reducing the SSE Group's overall carbon intensity of intensity generated.



Increase renewable energy output fivefold

Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.

SSE Renewables has ambitions to double its installed renewable capacity to 8GW by 2026, and increase it further to at least 13GW by 2031. This is expected to increase renewable generation output fivefold, and will enable delivery of around 20% of the UK's enhanced offshore wind capacity target.



Enable low-carbon generation and demand

Enable at least 20GW of renewable generation and facilitate around 2 million EVs and 1 million heat pumps on SSEN's electricity networks by 2030.

Many of SSE Renewables' current and future projects are in the north of Scotland, so the company works constructively with SSEN Transmission to ensure that the power it generates can make its way to the places it is needed. SSE Renewables is also committed to switching its vehicle fleet to electric in line with the SSE Group's EV100 commitment.



Champion a fair and just energy transition

Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.

Around 1 in 3 SSE Renewables employees have transitioned from high-carbon careers, mostly from outside of SSE. SSE Renewables employees are guaranteed fair work standards such as the real Living Wage and Living Hours, and the business is committed to building competitive, local supply chains. SSE plc remains Fair Tax Mark accredited for the 8th consecutive year.

Our sustainability approach

Driving sustainability in the supply chain

An overhaul of SSE's sustainable procurement strategy at a Group-level 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.com/sustainability/policies-and-assurances](https://www.sse.com/sustainability/policies-and-assurances).

All suppliers working for SSE Renewables 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 suppliers.

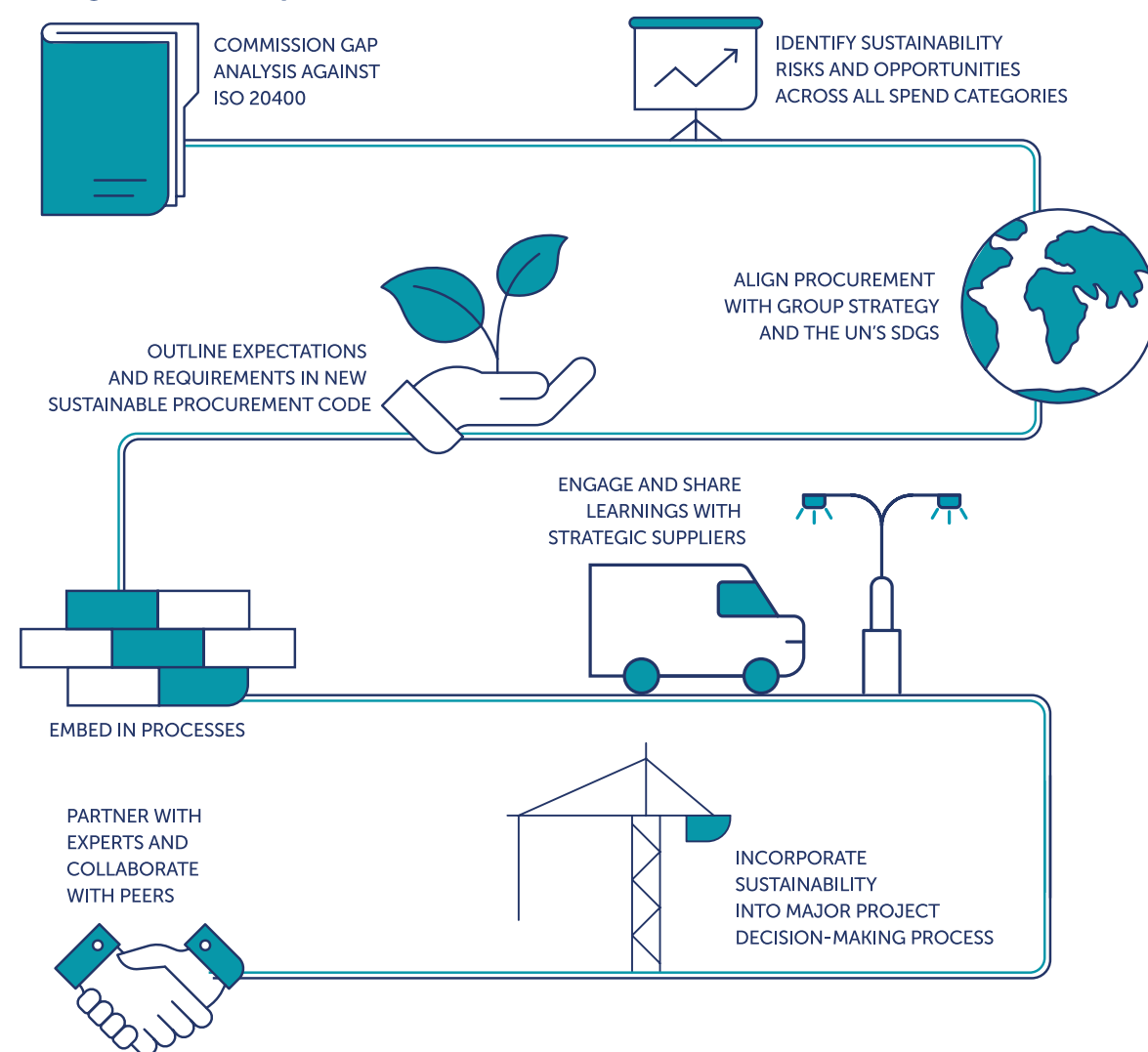
Over 2021/22, SSE has also embedded risk-based sustainability questions within its new sourcing system for all tender events to support the consideration of sustainability more fully throughout the supply chain, with a weighting of up to 20% for sustainability criteria. Registration and pre-qualification questionnaires have also been reviewed to include enhanced sustainability questions.

Finally, collaboration with its supply chain partners is central to delivery of SSE Renewables' sustainable procurement

strategy. Sustainability is now actively discussed at Strategic Relationship Management (SRM) meetings. Many of SSE Renewables' suppliers are also actively involved in the new Powering Net Zero Pact (see pages 14 and 15).

Recognising the need for improved sustainability data capture from its suppliers, SSE Renewables trialled a supply chain reporting tool with five suppliers in 2021/22 and aims to pilot it on a live project in 2022/23. A new Supply Chain Sustainability Lead will also be recruited into SSE Renewables to drive sustainability through the company's supply chain.

Transitioning to a mature procurement model



Embedding sustainability in Large Capital Projects

In early 2021/22, Deloitte undertook a review of the SSE Group's Large Capital Project (LCP) governance framework and made a recommendation that sustainability should be more fully embedded throughout the process to align with the company's business goals and material UN Sustainable Development Goals (SDGs).

SSE recognised that to meet its 2030 Goals, and deliver against the UN SDGs, its Large Capital Projects should be designed and constructed to enable the journey to net zero, deliver socio-economic benefits and facilitate a just transition. It therefore refreshed the sustainability requirements in its LCP governance framework to meet four key objectives:

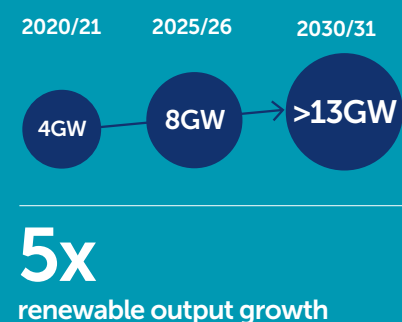
1. Ensure SSE is delivering LCPs in a sustainable way;
2. Encourage and increase sustainability throughout the LCP value chain;
3. Increase awareness of and reduce sustainability risks that could cause issues for the project, wider society, or the environment; and
4. Increase innovation and maximise the opportunity to deliver a positive impact on wider society and the environment, going above and beyond regulation.

The newly updated LCP governance framework requires SSE Renewables' LCP project teams to embed sustainability throughout the project process, ensuring sustainability risks are mitigated and sustainability opportunities are maximised across 10 sustainability criteria aligned to the UN's SDGs. This covers key topics from whole life carbon, climate adaptation, circular economy and biodiversity to modern slavery and human rights, and maximising local content.

From 1 April 2022, a Sustainability Assessment and Action Plan (SAAP) is required for all new or early development projects in SSE Renewables, 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, with external training support provided by external experts at the Supply Chain Sustainability School. While sustainability has always been a key consideration in SSE Renewables' LCP activity, this work has helped to formalise it as part of the overall governance approach. As the SAAP is rolled out, the Company will monitor its effectiveness and ensure it evolves over time to meet both business needs and drive genuine sustainable change.

Delivering for net zero

SSE Renewables growth targets



Accelerating renewables ambition

SSE Renewables is currently building more offshore wind than any other company in the world. Its leading expertise in the development, construction, and operation of renewable electricity, alongside an enviable pipeline of high-quality projects, means it is at the forefront of providing the clean energy needed for the global net zero transition.

SSE Renewables has ambitions to increase its installed renewable capacity to 8GW by 2026 and to at least 13GW by 2031. These plans will enable delivery of around 20% of the UK's enhanced offshore wind capacity target and are crucial in supporting SSE's refreshed 2030 Goal of increasing renewable generation output fivefold, to 50TWh a year.

Progressing flagship wind projects

SSE Renewables made good progress on key offshore projects in 2021/22, including reaching financial close on Dogger Bank C and progressing construction at Dogger Bank A and B (each 1,200MW, SSE Renewables share 40%). In February 2022, SSE Renewables and Equinor each sold a 10% share in Dogger Bank C to Eni. Construction was also progressed at Seagreen 1 (1,075MW, SSE Renewables share 49%) and first power is currently expected in Q3 2022.

SSE Renewables' onshore project construction has also progressed over 2021/22. At Viking wind farm (443MW) in Shetland, turbines are expected to be installed in early 2023 and completion is planned for July 2024. When complete,

Viking wind farm is expected to be amongst the highest-yielding onshore wind farms in Europe. In addition, progress at Lenalea wind farm (30MW, SSE Renewables share 50%) in Ireland will be commissioned in late 2022/early 2023.

Developing a strong domestic pipeline

In January 2022, SSE Renewables added its first floating offshore wind project to its domestic pipeline with the success in Crown Estate Scotland's ScotWind offshore wind seabed leasing process as part of a consortium with Marubeni Corporation and CIP (Copenhagen Infrastructure Partners). The up-to 2.6GW site (SSE Renewables share 40%) in the Firth of Forth will be one of the largest floating wind projects in the world and aims to start generating by 2030.

In Ireland, SSE Renewables will now progress Arklow Bank Wind Park 2 via the new Marine Area Planning regime. The revised project will proceed with an increased capacity of 800MW and, subject to securing the necessary consents and route to market, could be complete by 2028. A foreshore licence has been secured for site investigations for the 1GW Braymore Wind Park project off the north-east coast and an application has been submitted for the 1.2GW Celtic Sea Array off the south-east coast. Applications for Marine Area Consent for both Braymore Wind Park and the Celtic Sea Array will take place in the Irish Government's next phase, expected in 2023.

At 31 March 2022, SSE's pipeline of renewable capacity in the UK and Ireland consisted of 2.4GW in construction (based on equity share), up to 2.1GW consented, up to 6.5GW requiring consent and a further 2.8GW of future prospects.

Driving growth overseas

With many countries setting out increasingly ambitious climate change targets, the market for renewables globally is growing rapidly and SSE Renewables continues to develop options for exporting its long-held renewables expertise to selected new geographies. SSE Renewables' strategy to export its capabilities in offshore wind development, construction, and operation to selected international markets gained momentum over 2021/22.

In July 2021, SSE Renewables announced the creation of a 50/50 joint venture with ACCIONA Energia to develop offshore wind opportunities in the Polish energy market, with an application having been made by SSE Renewables for offshore development rights in the Baltic Sea, which would be codeveloped with ACCIONA Energia.

In addition, in September 2021, SSE Renewables signed an agreement to create a joint ownership company with Pacifico Energy, one of Japan's largest developers of renewable energy, that will pursue the development of offshore wind projects in Japan. The creation of SSE Pacifico also

involved the acquisition of an 80% interest in 10GW of early-stage development opportunities across Japan.

Most recently, in April 2022, SSE Renewables entered into an agreement to acquire Siemens Gamesa Renewable Energy's (SGRE) Southern Europe wind, solar and batteries development platform. The SGRE portfolio includes c.3.9GW of onshore wind development projects across Spain, France, Italy and Greece, with scope for up to 1GW of additional co-located solar development opportunities.

In the Netherlands, SSE Renewables has submitted bids in the 1.4GW Hollandse Kust (west) offshore wind tender for two separate sites of 700MW each. It has formed a 50/50 strategic partnership with Brookfield for the bids.



CASE STUDY

Green finance for the net zero transition

In July 2022, SSE plc successfully issued a seven-year green bond of €650m. The proceeds from this green bond are specifically earmarked to help fund SSE Renewables projects currently under construction or recently completed, such as the Gordonbush Extension, Viking and Seagreen wind farms, as well as the world's largest offshore wind farm at Dogger Bank.

€650m

green bond issued in July 2022

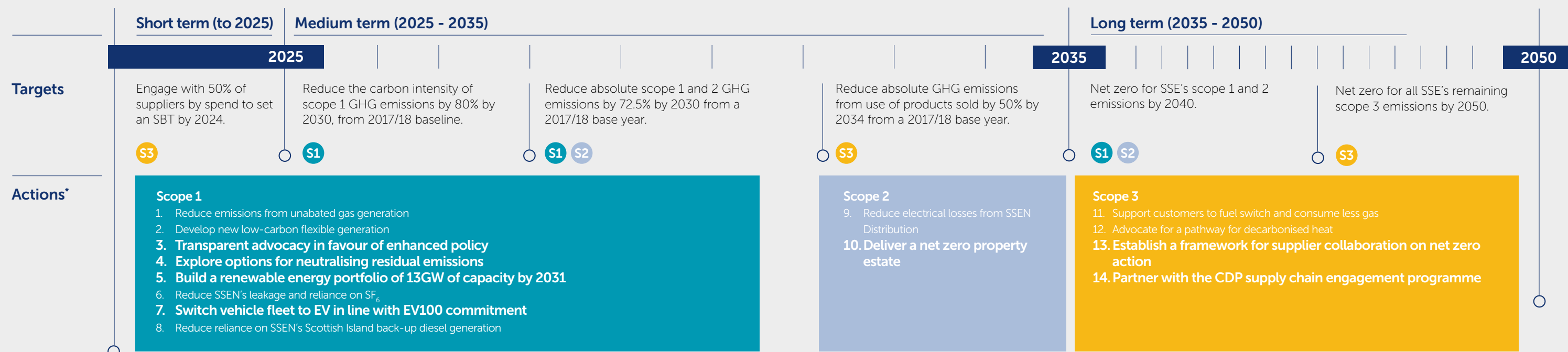
SSE understands that investors are increasingly looking for robust mechanisms through which they can ensure their investments are sustainable and take account of climate-related risks. As a result, SSE has deliberately pursued a strategy of issuing green bonds to finance its investment plans. Across the SSE Group, the company has issued five green bonds in six years, making it the largest issuer of green bonds in the UK corporate sector. It remains the only UK corporate to offer up multiple green bonds, with SSE's total outstanding green bonds totalling over £2.5bn.

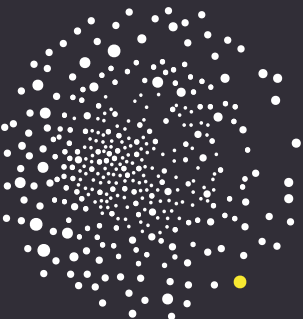
SSE's full annual update to investors on the allocation of proceeds and environmental impact from its green bonds is available at sse.com/greenbond.

Delivering for net zero

SSE Group Net Zero Transition Plan

S1 Scope 1 S2 Scope 2 S3 Scope 3





POWERING NET ZERO PACT

COLLABORATION FOR A JUST
ENERGY TRANSITION TO NET ZERO

The Powering Net Zero Pact ("the Pact") is a new initiative created by SSE plc with 10 other founding partners, 9 of which are SSE Renewables strategic suppliers, as a legacy of COP26. The Pact brings together companies across all tiers of the power sector globally – including civils, shipping, renewables, electrical engineering, and others – to achieve a fair and just energy transition to net zero. Over a six-month period, the 11 founding partner companies 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.

The Pact focuses on five areas of ambition: achieving net zero carbon emissions; protecting and enhancing the natural environment; transitioning to a circular economy; guaranteeing fair work and sustainable jobs; and adding value to local communities. Each area of ambition has a shared commitment and area for collaboration, as detailed in the table on the next page.

Any organisation that wants to be involved in driving forward a just energy transition to net zero can become a Powering Net Zero Pact signatory and part of this network of leading global companies committed to working together to deliver real change. To sign up to the Pact, companies must:

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

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

5 AREAS OF AMBITION	5 SHARED COMMITMENTS	5 TOPICS FOR COLLABORATION
Achieve net zero carbon emissions	Work towards science-based carbon targets, aligned to 1.5 degrees by 2025*	Develop understanding and quantification of scope 3 carbon emissions
Protect and enhance the natural environment	By 2025, publicly disclose wider environment metrics, including water use, air quality and biodiversity, recognising the importance of the wider natural environment in getting to net zero	Share approaches to managing, protecting and enhancing biodiversity, with the aim of developing a framework for achieving Biodiversity Net Gain
Transition to a circular economy	By 2025, set a waste reduction target through the incorporation of circularity	Develop innovative products and construction methods to increase resource efficiency and design out waste
Guarantee fair work and sustainable jobs	Create a roadmap for the skills needed for net zero and guarantee fair work standards: <ul style="list-style-type: none">• Aim to prevent all life-changing safety incidents• Work towards paying all workers at least a real Living Wage• Acknowledge the right to freedom of association for all workers• Recognise the importance of greater inclusion and diversity, with targets publicly disclosed by 2025• Implement a robust approach to good business ethics with clear channels for speaking up against wrong-doing	Develop a targeted modern slavery and human rights abuse risk-based approach across global supply chains
Add value to local communities	Identify and commit to common responsible developer, constructor and operator principles by 2025	Develop and nurture competitive, local supply chains close to assets
UNDERPINNED BY A SHARED STRATEGIC APPROACH		
Business strategies aligned to the UN's Sustainable Development Goals	Sustainability questions included in tenders and sustainability requirements rolled out through supply chains	Annual meeting of signatories to review commitments and continue ambitious progress

* Where companies face significant technological and methodological challenges for setting SBTs, a commitment to working towards SBTs with an annual update on progress will be accepted

Founding partners:



Together the Powering Net Zero Pact founding partners:

have operations in

>100 countries

employ

240,000 people globally

work with

120,000 suppliers

have plans to invest

£16bn in the net zero transition

had a combined annual turnover last year of

>£55bn

Protecting and enhancing the natural environment

Environmental management and governance

A refreshed Environment Strategy

In 2021/22, the SSE Group refreshed its Environment Strategy to ensure its environmental objectives remained stretching and its approach ambitious. SSE's Environment Strategy provides a guide for its businesses, including SSE Renewables, when undertaking their daily activities and seeks to ensure that the environment in which it operates is protected and, where possible, enhanced.

The strategy has three pillars – environmental management and governance; the natural environment; and responsible production and consumption – which are underpinned by an ethos of compliance. This strategy is aligned to three further UN Sustainable Development Goals (SDGs) in addition to those linked to SSE's 2030 business goals (see page 7). They are: UN SDG 12: Responsible production and consumption; UN SDG 14: Life below water; and UN SDG 15: Life on land.



Robust management and standards

SSE Renewables has a team of 21 expert environmental professionals, with 5 vacancies to fill in 2022/23. They manage and deliver environmental consenting and licencing requirements and provide guidance and expertise to the business in ensuring negative environmental impacts are minimised and that positive outcomes are delivered throughout the development, construction and operation of assets.

To ensure effective environmental management, SSE Renewables maintains an externally accredited Environmental Management System (EMS) compliant with the requirements of ISO 14001:2015. This applies to onshore operational assets. The SSE plc ISO 14001 Certificate, which covers SSE Renewables Limited, can be found on [sse.com/sustainability/policies-and-assurances](https://www.sse.com/sustainability/policies-and-assurances).

The natural environment

Careful management and increasing ambition

Varied and healthy natural habitats are critical for all life on Earth. SSE Renewables operates in some of the UK and Ireland's most remote areas which are home to a wide variety of valuable ecosystems and habitats. SSE Renewables works to actively manage its environmental footprint and take careful consideration of biodiversity in its activities to ensure that it maximises positive and minimises negative impacts. On many of its projects, it develops Habitat Management Plans (HMPs), or funds conservation activity conducted by other groups.

As far as is practical, SSE Renewables' plans are long-term commitments to manage and monitor identified target species and habitats in order to ensure a positive environmental impact.

In 2021/22, SSE Renewables took its commitment to protecting and enhancing the natural world further by committing to achieving no 'net loss' in biodiversity by 2023 and 'net gain' in biodiversity for all onshore Large Capital Projects consented from 2025 onwards. Delivery of net biodiversity enhancement can be achieved through initiatives such as restoring degraded peatland or native broadleaf woodlands.

The case studies on the following pages provide some examples of how SSE Renewables is working within its natural environment. More information on the company's approach to biodiversity can be found in the SSE Group's Biodiversity Reports, which are available at [sse.com/sustainability](https://www.sse.com/sustainability). The reports highlight the work SSE Renewables and SSE's other businesses have undertaken to protect and enhance biodiversity, contribute to biodiversity research and knowledge, and connect people with the natural world.

SSE Renewables is targeting

Biodiversity No Net Loss by 2023

and

Biodiversity Net Gain by 2025

for all onshore Large Capital Projects consented from 2025 onwards



Protecting and enhancing the natural environment

CASE STUDY

Partnering to restore peatland in Scotland

A collaborative approach with communities, landowners and experts ensures the most effective outcomes for nature. In recent years there have been major declines in the extent of the UK's blanket bog habitat, its largest terrestrial carbon store, principally due to afforestation, drainage, burning and overgrazing. More than a fifth of Scotland is covered by peat, storing approximately 4.5 billion tonnes of carbon. Peatlands are home to a wide range of rare, threatened, or declining habitats and species.

SSE Renewables actively manages peatland across ten operational wind farm sites and their associated Habitat Management Plan (HMP) areas in Scotland, have completed 1,678 hectares of restoration, with a further 330 hectares in progress on operational and construction sites and have identified over 2,500 hectares for future restoration projects, under proposal.

At Dunmaglass Wind Farm*, a key aim of the Nature Conservation Management Plan (NCMP) is to restore and enhance areas of blanket bog across the site. Work to date has focused on restoring circa 25 hectares of peatland utilising specialist, skilled contractors employing innovative reprofiling and restoration techniques. At each stage in the process, these works have been undertaken collaboratively with the Dunmaglass Estate who have also contributed their own funding to enable additional areas of peatland to be restored.

There are varying types of peatland erosion on site, and this requires a variety of restoration techniques to be employed including hag re-profiling and cross-tracking.

The success of these restoration techniques will be assessed in line with a commitment to long-term habitat monitoring for the operational lifespan

of the site. In addition, SSE Renewables are actively investigating additional monitoring opportunities for blanket bog restoration across operational assets to better understand how to maximise the value of these projects and contribute to delivering positive effects for biodiversity.



*Dunmaglass Wind Farm is a joint venture between SSE Renewables (50.1%) and Greencoat UK Wind Plc (49.9%)

CASE STUDY

Leading calls to limit North Sea sandeel fishing to support the seabird population

Through 2021/22, SSE Renewables has led a campaign to limit sandeel fishing within UK waters in the North Sea. Sandeels play a key role in the health of the North Sea's marine ecosystem, and are often described as a cornerstone of the Scottish marine ecosystem. However, due to the increasing effects of climate change and industrial fishing, the sandeel population has experienced significant declines in recent years which is negatively impacting several species of birds, particularly the black-legged kittiwake.

SSE Renewables is working alongside the UK and Scottish Governments and other stakeholders to improve how Scottish sandeel fisheries are managed to both help restore the health of the wider marine ecosystem and allow for the development of offshore wind projects. This includes its

proposed 4.1GW Berwick Bank wind farm project located in the outer Firth of Forth.

Berwick Bank will be one of the largest offshore renewable energy developments in the world and delivering it this decade is critical to meeting the UK and Scottish Governments' 2030 offshore wind targets and tackling the climate emergency. It is also in an area that contains many important bird populations and legally protected colonies. SSE Renewables is seeking to implement a nature positive approach to the management of sandeel fisheries, with a view to improving seabird populations whilst also supporting efforts to develop sustainable fishing over the longer term.

CASE STUDY

Digital innovation: Protecting nature while delivering net zero

Harnessing natural resources for renewable energy generation is key to mitigating the dangerous effects of climate change. But as these technologies role out at scale over the next decades, it is important to ensure that any impacts on identified ecosystems are carefully managed and appropriate mitigation measures are applied where relevant to ensure the transition to net zero does not come at the expense of surrounding ecosystems.

That's why SSE Renewables teamed up with technology leaders Microsoft and Avande on a series of digital innovation projects which could support greater sustainability in the development, construction and operation of renewable energy.

The partnership has implemented a species monitoring technique using artificial intelligence (AI). As part of a planning condition for its operational Beatrice offshore wind farm off the northeast coast of Scotland, SSE Renewables is required to monitor local puffin colonies.

Four cameras were installed on the Isle of May to pilot the use of AI for species monitoring, gathering footage and automatically detecting and counting the birds during their breeding season. The objective of the AI technology is to learn not to count the same puffin twice in the field of view, creating a method to produce highly accurate results.

The puffin monitoring project represented the most sophisticated species monitoring SSE Renewables had ever undertaken. Core to its development was collaboration with environmental and natural heritage stakeholder, NatureScot. SSE Renewables has gone on to use the technology for counting salmon on its hydro schemes, representing the next evolution in salmon counting, which has been undertaken for over 50 years

across the hydro fleet. SSE renewables hopes to use the technology at more sites.

SSE Renewables, Microsoft and Avande are now working to establish what could become the largest digital research project of its kind. SSE Renewables' tender application for the Hollandse Kust (West) project includes a focus on how innovation can assist the rollout of offshore wind farms to meet the Dutch Government's ambitious targets.

4

Cameras installed to monitor puffin populations with artificial intelligence (AI)

The consortium plans to understand the impacts of the wind farm on the surrounding ecosystem through the creation of a 'digital twin' of the site. Using LIDAR, Sonar, hydrophones and AI, amongst other technologies, the digital twin will show in real-time what is going on below the surface of the water, enabling cause and effect to be modelled in a very transparent way.



A requirement of the Dutch Government is that this data must also be open source, meaning that unprecedented amounts of data will also be collected and shared with the public.

By conducting large-scale research into the effects of renewable assets on the surrounding ecosystems, SSE Renewables believes these ground-breaking projects with Microsoft and Avande will facilitate research and collaboration.

These innovations enable real-time assessments of how species interact with our assets which in time, will deliver an improved understanding of how best to protect and enhance biodiversity.



Protecting and enhancing the natural environment

Responsible production and consumption

Focusing on waste reduction

SSE Renewables relies on many natural resources during the construction and operation of its assets. It increasingly seeks to promote the principles of circularity, the waste hierarchy and increases in recycling and diversion from landfill for any discarded materials. The company is working towards more sustainable patterns of resource consumption; reducing reliance on non-renewable and single-use products and linking to the objectives of UN SDG12: Responsible consumption and production.

Over 2021/22, SSE Renewables contributed to the SSE Group waste review, which made important progress on elements of the responsible consumption and production strategy. This included:

- increased focus and improved governance, including better capture, review and reporting of data;
- rationalisation of the company's waste management at a Group-level so it works with one main supplier in the UK and one in Ireland, allowing greater oversight of data and management of waste;
- setting a new waste management targets for 2022/23 to minimise waste to landfill and promote recycling of discarded materials; and
- trialling a data reporting tool to capture waste data from contractors.

SSE Renewables has waste management controls and aims to follow the waste hierarchy to prevent, reduce, reuse and recycle its waste. It provides recycling facilities at its key offices and operational sites and adheres to the relevant regulatory requirements for waste management at its different sites and locations.

By the end of financial year 2022/23, SSE Renewables aims to have achieved at least the following targets for the waste it manages directly:

SSE Renewables 2022/23 targets

85%

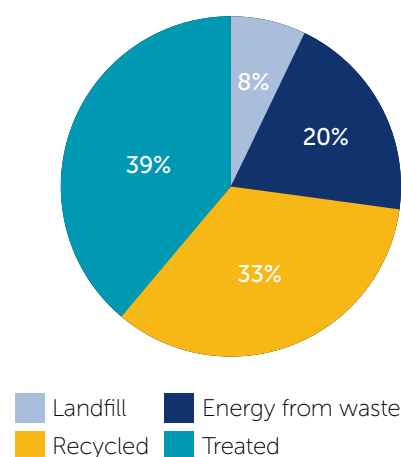
of waste by tonnage diverted

40%

of waste by tonnage recycled

In 2021/22, SSE Renewables directly managed 365 tonnes of waste, of which 92% was diverted from landfill and 33% was recycled. More detail of the waste disposal methods of SSE's recorded waste in 2021/22 can be seen in the pie chart. The figures provided represent SSE Renewables' operational waste, and do not include waste data from contractors on large capital projects or minor works contracts, however, plans are in place to begin compiling this data and a reporting tool is being trialed.

Disposal methods of SSE Renewables' recorded waste 2021/22 by proportion



Moving towards circularity

A key future challenge facing the renewables industry relates to the circularity of in-service parts and the end-of life use of the component parts. The company is therefore going beyond waste reduction to increase its focus on this challenge with the aim of embedding circular economy principles through its business. The case studies below provide two examples of how SSE Renewables is focusing on the circularity of its current and future assets, working in collaboration with a number of partners to drive progress.

CASE STUDY

Recyclable turbine blades

One of the most material waste challenges facing SSE Renewables is the landfilling of end-of life turbine blades, due to an absence of large-scale and commercially viable options for reuse, recycling and remanufacture.

SSE Renewables was a launch partner, and remains active, in SusWIND which is a UK initiative between industry and academia. Led by the National Composite Centre, SusWIND aims to demonstrate viable ways to recycle current composite wind turbine blades, explore the use of sustainable materials and processes in developing composites for blades, and innovate in design to future-proof turbine blades. Research included establishing a decommissioning

profile of all UK blades to forecast future composite waste streams, decommissioning analysis and cradle to grave lifecycle analysis.

Bringing together stakeholders in the composites industry and energy sector, the SusWIND initiative hopes to accelerate the development of technology, processes and materials that address this recyclability challenge for wind turbine blades already in use and to deliver the next generation of recyclable blades.

Read more about SusWIND at nccuk.com/what-we-do/sustainability/suswind/.

CASE STUDY

Circularity for minor components

SSE Renewables has been collaborating with the Lochgilphead-based remanufacturing and circularity specialists Renewable Parts Limited to refurbish and remanufacture failed parts within its onshore wind fleet. In the 19 months to December 2021, Renewable Parts supplied SSE Renewables with 46 yaw gears, a minor component in a wind turbine, enabling the company to cut its CO₂ emissions by 23 tonnes and reduce the amount of scrap and waste sent to landfill by 11 tonnes, as well as see commercial benefits too.

Building on this activity, SSE Renewables, Renewable Parts and the University of Strathclyde have set up a formal partnership to progress the circularity agenda. The Memorandum

of Understanding between the organisations, signed in June 2022, identifies three priorities for their collaboration:

1. Increase the circularity of in-service parts on onshore wind farms;
2. Establish an end-of-life strategy for onshore wind farm parts; and
3. Deliver a world-leading UK Wind Circular Economy Sector Deal to maximise the environmental and socio-economic opportunities UK leadership on circularity.

Other companies and organisations working in this space are encouraged to join the partnership. Interested parties can get in touch by contacting circularwind@strath.ac.uk.

Championing a fair and just transition

Embedding the just transition

The case for climate action is indisputable. However, the way economies decarbonise is less definite. Without careful planning and deliberate consideration of the implications of the transition on people – whether that's workers, consumers or communities – risks the social legitimacy of net zero itself. A 'just transition' is therefore the fairest way of ensuring that the benefits of climate action are shared widely, whilst preventing an unfair burden of the costs on those least able to afford it.

In November 2020, SSE plc became the first company in the world to publish a Just Transition Strategy. This Strategy

outlines 20 principles to promote a fair and just transition for workers, consumers and communities when transitioning 'in' to a net zero world, while at the same time transitioning 'out' of high-carbon activities. The importance of the just transition is reflected in the update to one of the SSE Group's four 2030 Goals, with the explicit aim to 'Champion a fair and just energy transition'.

Communication and consultation on SSE's Just Transition Strategy

Throughout 2021/22, teams across the SSE Group met with a wide range of stakeholders to gather feedback and develop its just transition approach. This

#1 globally

In November 2021, SSE plc was ranked the top company in the World Benchmarking Alliance's just transition assessment which reviewed 180 global companies on their approach to just transition. SSE scored 14/16 points in the assessment, with the mean score across all assessed companies just 2.7/16. Only 5% of companies scored above 8 points, with 84% of companies scoring <4 points and 32 companies scoring 0 on all just transition fundamentals.

included meetings with policy makers, trade union partners, suppliers, oil and gas companies, investors, academics, and industry and skills bodies. Most importantly, primary research was undertaken with SSE's employees that have transitioned from high- to low-carbon careers, including: a detailed survey of over 150 people of which more than a third were SSE Renewables employees; gathering information on engagement through its all-employee survey; and focus groups. In addition, SSE contributed to more than 30 stakeholder events over the year focused on just transition.

From principles to action

Using the findings from its research, engagement and consultation over the year, SSE plc published a new report *'From Principles to Action: Supporting workers transition from high to low-carbon careers'* in September 2021. This report outlines 20 commitments for the company, 10 recommendations for industry and 10 recommendations for governments which are all focused on practical actions to support workers transition. At an industry and government level, these include things like 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. And for SSE, clear commitments include not asking for industry-specific experience unless it is specifically required, piloting an engineering conversion programme, and paying for workers to develop the skills they need.

Collaboration for a just energy transition

A just transition to net zero requires genuine collaboration, which is why over 2021/22 SSE worked with a number of partners to progress this shared objective. In advance of COP26, SSE was one of a small group of global energy companies, led by the Council for Inclusive Capitalism and bp, which helped shape the Just Energy Transition Framework for Company Action. This Framework which was launched during COP26 is the first-ever guide for companies on concrete actions they can take to implement an energy transition that advances both social and environmental goals. The Framework's building blocks for action are tied to Climate Action 100+'s Net-Zero Benchmark Just Transition Indicator.

As a legacy of COP26, SSE led a group of global companies across the power sector to create the Powering Net Zero Pact with the principles of a just transition forming the basis of shared commitments. See pages 14 and 15 for information on this new world-first collaboration.

Scotland's Just Transition Commission

The SSE Group's Chief Sustainability Officer was one of the Scottish Government's Just Transition Commissioners in its first iteration, which was created to gather evidence and advise the Scottish Government on actions to promote a just transition. The final report was published in March 2021, with a new iteration of the Commission set up later in 2021 to focus on delivery of these recommendations. SSE's Chief Sustainability Officer sits in the Energy Sector workstream of the commission which exists to specifically scrutinise the country's energy policy and strategy and ensure that the just transition is fully integrated.

For more information on SSE's just transition approach, go to sse.com/sustainability/just-transition and careers.sse.com/just-transition.

SSE's just transition journey: from principles to action



CASE STUDY

Supporting workers transition from high to low-carbon careers

Following SSE's publication of the world's first company Just Transition Strategy in November 2020, the company embarked on programme of wide-ranging stakeholder engagement on its just transition approach. This included policy makers, trade union partners, suppliers, oil and gas companies, investors, academics, and industry and skills bodies.

Perhaps most importantly, SSE sought insights from its own employees. Informally, there was an awareness in the organisation that a number of employees had moved from high to low-carbon careers, for example two thirds of people at Beatrice offshore wind farm control room are ex oil and gas. However, there was no real understanding of the overall scale of the transition or evidence of what specifically is driving this change.

Using SSE's 2021 all-employee survey, the company established that more than 1 in 5 of all employees had previously worked in a high-carbon roles, rising to as high as a third of all employees in 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 also 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 feedback for the company. More than a third of respondents were SSE Renewables employees.

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 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.

Since publication of this new report, SSE has continued to work with its employees on this topic. Beginning in March 2022, a programme of 10 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, on the role of trade unions in the net zero transition. 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.

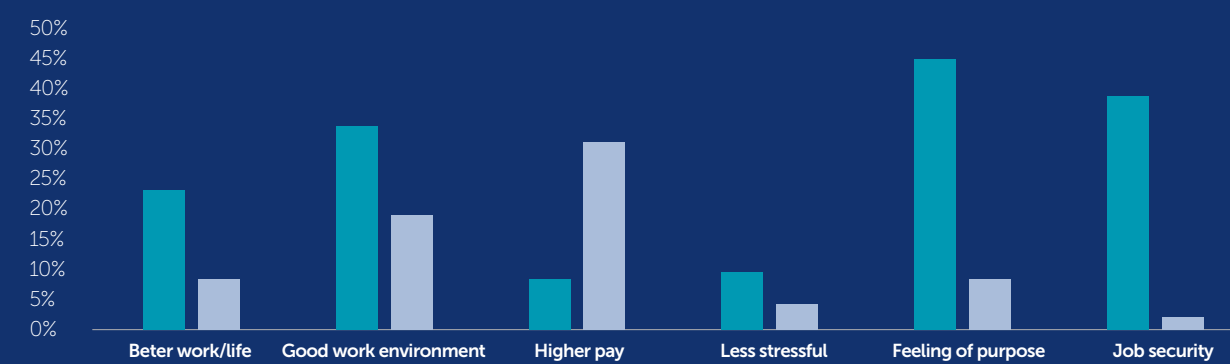
Insights from SSE Renewables employees

1 in 3

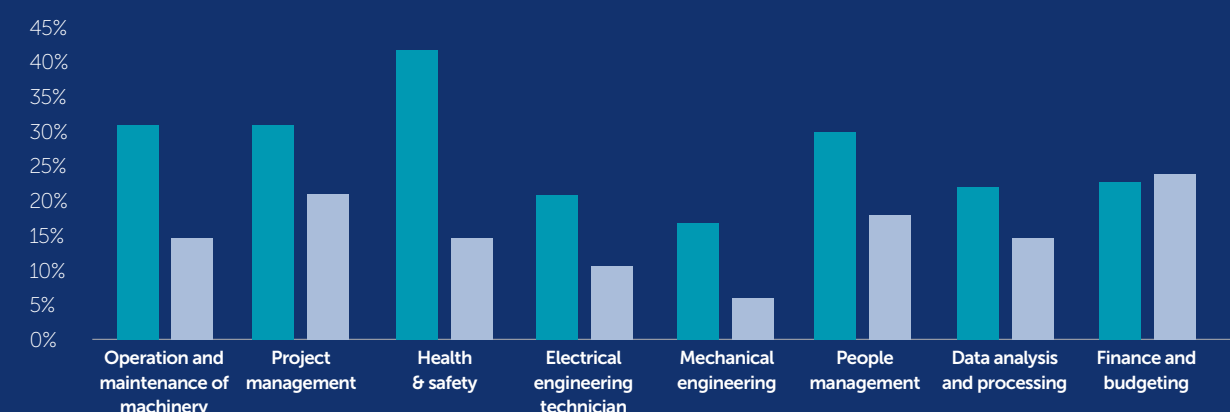
SSE Renewables employees have transitioned from high-carbon roles

Top 3 reasons SSE Renewables employees transitioned from high-carbon roles

1. Environmental considerations (68%)
2. Opportunity to work on exciting projects (58%)
3. Better long-term career prospects (58%)



■ What are the main benefits of your current low-carbon role compared to previous role(s)?
 ■ What are the main benefits of your previous high-carbon role(s) compared to your current role?



■ What skills did you bring from your previous high-carbon role(s) that are important to your current role in SSE?
 ■ What new skills have you had to learn for your current low-carbon role?



Championing a fair and just transition

Paying a fair share of tax

At the highest level, society can address some of the distributional challenges of reaching net zero through a tax system where profitable organisations pay their fair share. SSE plc's commitment to the principles of fair tax is well-documented, and this commitment will make an important contribution to the company's just transition ambitions. Over 2021/22, the SSE Group's total tax contribution was £944m, split between £375m in taxes paid (including £70m paid in corporation tax) and £569m in taxes collected.

The SSE Group has been accredited with the Fair Tax Mark since 2014, which 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. 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.



SSE plc total tax contribution 2021/22

Total taxes paid:	Total taxes collected:	Total tax contribution:
£375m	£569m	£944m
2020/21: £397m	2020/21: £601m	2020/21: £998m

Contributing to GDP and supporting jobs

To understand its wider socio-economic contribution, SSE plc has commissioned PwC to measure the value it adds to GDP and the jobs it supports across its home markets of the UK and Ireland for the last 11 years, with results broken down for SSE Renewables for the last three years.

Over 2021/22, SSE Renewables contributed a total of £1.65bn to the combined UK and Irish economies, supporting more than 10,700 jobs as a result of its direct and supply chain activities in these countries. This represented a 23% increase in SSE Renewables' contribution to UK and Irish GDP compared to the year before, and more than double the number of jobs supported in 2020/21. This is believed to be driven by SSE Renewables' progress on a number of flagship infrastructure projects, including Seagreen, Viking and Dogger Bank. Almost £1bn of the total contribution to GDP was within Scotland, where around 4,000 jobs were supported as a result of SSE Renewables.

SSE Renewables economic contribution 2021/22

Value added to GDP
£1.65bn
2020/21: £1.35bn

Jobs supported
10,730
2020/21: 5,160



£3 economic value added for every £1 earned in adjusted operating profit

>7 additional jobs supported for every 1 person directly employed



Championing a fair and just transition

Supporting competitive, local supply chains

Core to a just transition is the maximisation of economic opportunity for people close to the places hosting renewables developments. An ongoing priority for SSE Renewables is to help create an environment where there is increased domestic content of projects, especially offshore wind developments. The ability to locally share the economic benefit of low-carbon investments through sustainable domestic employment, at scale, is a key component of delivering fairness: it means working people, particularly those currently in industries which are in decline, can access new skills and jobs. At the same time, this ambition must be balanced with the cost of delivering renewable power.

SSE Renewables believes that all levers should be used to achieve increased local content and more competitive domestic supply chains where infrastructure is being built. It is proactive in supporting policymakers and industry to work together, and has prioritised close collaboration with supply chain partners to bring about greater investment in the manufacturing of key components needed for its projects. While voluntary action from developers is important in securing increased local content within projects, there is an important role for government to both incentivise and regulate for increased local content. The company continues to work closely with policymakers to develop policies that support local content, such as the UK Government's CfD Supply Chain Plan. It is also collaborating with international partners to share lessons learned from

the UK's experience of growing local supply chains for onshore and offshore renewables.

A decade of project-level socio-economic quantification

SSE Renewables understands the important contribution its infrastructure projects make at a local, regional and national level in terms of their contribution to GDP and jobs. This is why the company has been publishing project-level socio-economic impact reports which go beyond Environmental Impact Assessment requirements for the past decade, working with a range of consultants as well as undertaking analysis in-house too.

SSE Renewables projects that have published socio-economic impact analysis include: Beatrice offshore wind farm; Glendoe hydro station; and all onshore wind farms where SSE has had an ownership stake from 2008 to 2018, with additional reports published for Strathy North, Achany, Gordonbush and Gordonbush Extension, Dunmaglass, Bhlaraidh, Stronelaig, Clyde Extension, Keadby and Galway.

Over 2021/22, socio-economic analysis on a number of other projects was undertaken and the company also began trialling a socio-economic impact data capture tool to better track and understand its local and regional economic contribution. An update on these activities will be included in next year's SSE Renewables Sustainability Report.



All of SSE Renewables' project-level socio-economic reports, along with the technical reports detailing the methodology used, can be found on sse.com/sustainability/reporting.



Action to support local supply chains

Multi-billion investment in infrastructure

Providing an important signal for investment in low-carbon assets and infrastructure in the UK and Ireland, SSE plc announced its £12.5bn Net Zero Acceleration Programme for the five years to 2026.

Funding support for a world-leading tower facility

SSE Renewables is continuing to work with Global Energy Group (GEG) to deliver a world-leading tower facility at Port of Nigg in Scotland, including providing support funding to make it happen. The company will work with GEG to fulfilling its role as a strategic backer, placing orders to meet its growing offshore pipeline in due course.



£30m supply chain fund

As part of SSE Renewables' successful ScotWind offshore wind bid, with its project partners it has committed to a £30m supply chain fund which will directly invest in ports and supply chain, including those companies transitioning from the oil and gas sector to get it ready for the floating wind opportunities not just in Scotland, but globally.



Industry engagement for practical actions

SSE Renewables' senior leadership team have taken leadership positions within industry bodies with the objective of supporting practical and actionable steps that will result in a sustainable domestic supply chain, capable of competing internationally. This includes: the Offshore Wind Industry Council, the Global Wind Energy Council, and the Scottish Energy Advisory Group.



Leading cross-tier power sector collaboration

SSE led the creation of the Powering Net Zero Pact, a world-leading global initiative which brings the power sector together to collaborate on difficult areas of sustainability with the goal of achieving a fair and just transition to net zero (see pages 14 and 15). One of the five working groups for signatories of the Pact to collaborate on is how to better support competitive, local supply chains close to assets.



Championing a fair and just transition

Investing in communities

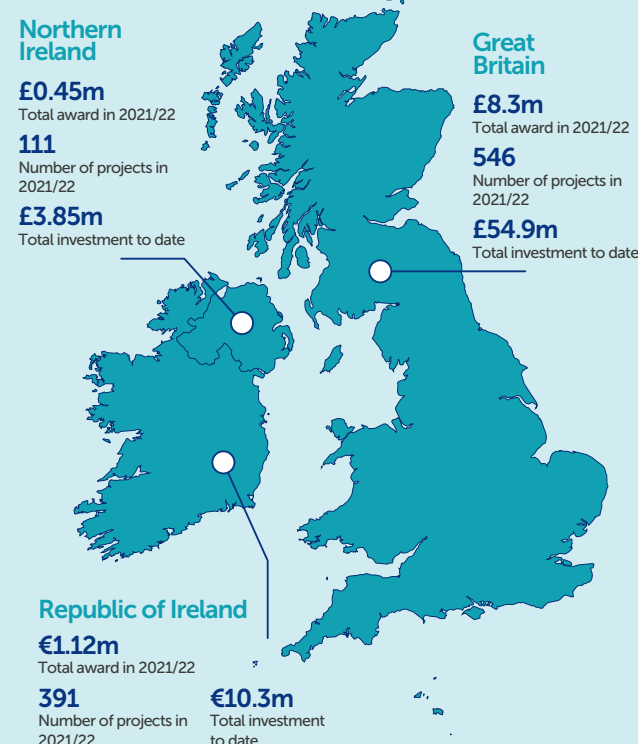
An integral part of a just transition is sharing value with local communities. The majority of the SSE Group's community giving comes from SSE Renewables, which for over a decade has provided communities close to its assets with funding for local or regional projects. SSE Renewables will invest

over £310m locally in community funds from its current renewable projects over their lifetime. Over 2021/22, £9.7m was granted through SSE Renewables' community investment funds (2020/21: £10.2m). This funding financed 1,048 community projects across the UK and Ireland, including 137 rural jobs,

96 scholarships and 108 community projects which enhance local net zero ambitions. £1.3m of this total investment in 2021/22 was from SSE Renewables' flagship Sustainable Development Fund which helped fund 29 transformational Scottish and English projects.

Funder's report 2021/22

-  **137** local jobs supported
-  **96** scholarships awarded
-  **92** community assets enhanced
-  **23** community owned houses completed
-  **108** net zero projects funded



SSE Renewables' community investment programme

£310m
Lifetime value of funds
£270m/£15m/€31m
GB/NI/ROI

£67.7m
Total funds distributed to date

In 2021/22:

1,048
projects supported

£9.7m
distributed

For more information on SSE Renewables' community investment, go to sserenewables.com/communities for the latest (and all historic) UK and Ireland Community Investment Reviews. These annual reports provide a breakdown of every individual grant made to local communities, along with many case studies and information

on SSE Renewables' community investment approach and priorities. Here you can also read about how SSE Renewables made £1m immediately available to communities to support their coronavirus pandemic response, as well as how the funds can be used to help communities address the current affordability crisis.



CASE STUDY

Supporting a community-led net zero transition

Communities are conscious about the climate crisis current and future generations are facing, and are exploring ways to reduce their carbon footprint to contribute to the net zero transition. In 2021/22, SSE Renewables increased its community funding for net zero projects, with 108 community projects receiving donations. These funds support projects ranging from electrifying community transport in the Scottish Borders and air source heating in the Scottish Highlands, to using solar panels in Tournafulla, Ireland. The momentum shows small steps by individual projects and communities can collectively make an important contribution to net zero.



CASE STUDY

Encouraging the future generation into STEM careers

SSE Renewables, and partners Equinor and Eni, have invested £1m during the construction of Dogger Bank Wind Farm to help increase STEM attainment in Northeast England and Yorkshire. Local education and skills stakeholders have been consulted to develop initiatives to enhance local STEM programmes, which include introducing STEM learning into nursery education in East Riding of Yorkshire, and embedding STEM careers provision into every primary school in Redcar and Cleveland. In South Tyneside, 40 female and non-binary secondary school pupils participated in Stemettes Goals, an event that develops STEM skills and exposes participants to STEM careers and innovations. The sessions helped to increase their perception, awareness, confidence, and knowledge of STEM.



CASE STUDY

Providing green skills and jobs

£149k

awarded from South Lanarkshire Sustainable Development Fund

To ensure there is a just transition to achieve net zero with areas previously reliant on coal and gas provided with green opportunities. South Lanarkshire

College has been funded to create a state-of-the-art training centre which will take students from ex-mining communities and train them in home insulation accreditations. The programme has a dedicated employment coach who ensures every successful graduate gets a green job guarantee from local employers.

The capacity to train more home insulation installers is a particularly critical area of investment due to the shortage of trained professionals in the industry and the increased demand for enhanced home insulation to help reduce the elevated levels of fuel poverty being experienced by communities.

Championing a fair and just transition

Guaranteeing fair work

Rapidly growing a green workforce

The scale of business growth needed for SSE Renewables to deliver its ambitions is already resulting in huge employment opportunities. At 31 March 2022, SSE Renewables employed 1,314 people. This was a 16% increase from the year before, and a 44% increase from two years ago.

44% ↑

SSE Renewables' headcount from 2019/20 to 2021/22

At a Group-level, SSE has committed to creating 1,000 new direct jobs every year to 2025, with the potential for further growth too. SSE Renewables will be a major contributor to this ambition, with applicants being sought for a range of positions, from delivering the world's largest offshore wind farm in Dogger Bank off the North East coast of England and Europe's most productive onshore wind farm in Viking on the Shetland Islands.

Committed to good jobs and fair work

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 Renewables 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.

Paying the real Living Wage

SSE has been a Living Wage accredited employer at a Group-level in the UK since 2013 and has paid the Living Wage in Ireland since 2016. SSE Renewables' Head of Sustainability chairs the Living Wage Scotland's Leadership Group 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 in line with its international expansion ambitions in SSE Renewables.



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, the SSE Group 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.

Creating an inclusive and diverse workplace

The innovative solutions required to deliver net zero need a workforce with diverse perspectives, different experiences, and new skills. Greater inclusion and diversity is therefore central to SSE Renewables' success going forward.

Over 2021/22, the SSE Group 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. The refreshed Inclusion and Diversity Strategy has established four strategic areas of focus: (1) Ambition: setting measurable goals; (2) Education and Development: focusing on behaviours; (3) Inclusive processes: embedding best practice; and (4) Employee voice: actively listening.

Actions to influence positive change are informed through collaboration with external partners to identify opportunities for further improvement, as well as listening to employee experiences. The refresh seeks to deliver greater inclusion and diversity across all levels of the company and embeds systemic and behavioural change, supporting the delivery the 'IN, ON, UP' approach which the company has been implementing since 2017. This approach, developed with inclusion experts EAIInclusion, 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.



Reflecting its increased strategic focus, SSE has published a new comprehensive Inclusion and Diversity Report 2022, providing information on SSE's updated Inclusion and Diversity Strategy, progress made, gender pay gap performance, and a range of key performance indicators for 2021/22. Read the report on sse.com/sustainability/reporting.

Inclusion and diversity is at the heart of the new SSE Renewables people plan, which will be launched in 2022/23 with full executive committee sponsorship. SSE Renewables' Head of Sustainability is also the sponsor of the Inclusion and Diversity Challenger Group which is an employee-led group working to drive inclusive practices across the business.

A priority for the year ahead is better understand the drivers of SSE Renewables' gender pay gap. SSE Renewables' 2022 median gender pay gap across all employees in the UK and Ireland was 9.8% (2021: 11.9%) and its 2022 mean gender pay gap was 11.3% (2021: 11.7%).

9.8%

SSE Renewables median gender pay gap

11.3%

SSE Renewables mean gender pay gap

Valuing employee voice

Everyone that works for SSE Renewables has the fundamental right to freedom of association and to join a trade union. The SSE Group has four recognised trade union partners (Prospect, Unite, Unison and the GMB) which it works with at a Group-level through the Joint Negotiating and Consultative Committee and at a SSE Renewables level through the Joint Business Committee, as well as through regular on-going dialogue.

Providing employee benefits

SSE Renewables 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.

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 'Doing the right thing' guide to good business ethics is updated regularly, and underwent a full review over 2021/22. The guide applies both to direct employees across SSE 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 to good business ethics is available on sse.com/sustainability.



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, which is available to all employees 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.

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.

Championing a fair and just transition

Targeting human rights and 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 Renewables continued to increase focus on this risk through delivery of the SSE Group's targeted Human Rights Action Plan. This Action Plan was created in 2020/21 following a gap analysis of its human rights approach by experts Stronger Together, with detail of this process provided in SSE Group's Modern Slavery Statement 2021.

The company's more focused approach to mitigating human rights abuses has led to it performing well in a number of external assessments. This includes the Global Child Forum benchmark which is run in collaboration with Boston Consulting Group (BCG), SSE plc ranked 2nd out of 47 companies in the utilities sector. The benchmark assesses a total of 832 companies' approaches to human rights issues. The company will continue to focus on this topic and drive further actions over 2022/23 across all of its business units.

Key actions undertaken by the SSE Group over 2021/22

- Initiative undertaken to embed sustainability, including human rights, through SSE's Large Capital Projects

governance process, with all development and early construction projects required to complete a Sustainability Assessment and Action Plan (see page 9);

- Enhanced engagement and further commitment to collaborate on modern slavery in global supply chains with strategic suppliers through the creation of the Powering Net Zero Pact (see pages 14 and 15);
- Roll-out of employee awareness raising through webinars and bulletins, with the development of bespoke learning pathways for priority employees including those working in procurement and those working on major projects;
- Creation of a Human Rights Working Group, which reports on progress to SSE's Human Rights Steering Group which is chaired the company's Chief Sustainability Officer, with members including SSE's Chief Procurement Officer, Director of SHE, Head of Large Capital Projects Quality; and Head of Learning and Talent; and
- Active collaboration with peers through the Utilities Against Slavery group, facilitated by the Slave Free Alliance, and SSE plc's partnership with the Supply Chain Sustainability School.

Further activity by SSE Renewables in 2021/22

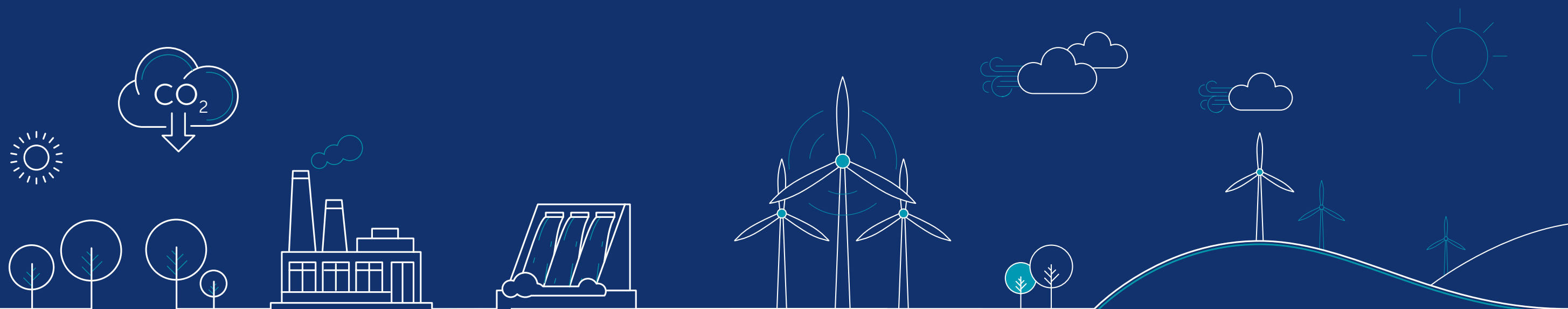
In addition to SSE Group policies and activities targeted at mitigating human rights and modern slavery, SSE Renewables undertook additional actions to better understand business-specific risk over 2021/22. These insights have helped SSE Renewables identify where higher levels of risk or gaps in its approach exist, with the findings used to support other projects and target this risk in the future.

- Deep dive risk assessments on key projects:** SSE Renewables appointed human rights experts Stronger Together to undertake an independent assessment for two wind farms currently in construction. These assessments, one completed and one in progress, reviewed tier 1, 2, and 3 suppliers to assess the risk of human rights abuses. The objective was to understand the processes and practices in place to mitigate human rights risk and to identify potential risks and gaps. A desk-based risk assessment of four tier 1 suppliers and 40 tier 2 and 3 suppliers took place for the first assessment, along with interviews between Stronger Together, SSE's procurement team, and each of the four tier 1 suppliers. Stronger Together looked at country of origin, industry sector and business

profile to provide a RAG risk rating, with materials used in products procured also assessed using the same risk assessment approach. The same approach is being rolled out for the second assessment.

- Independent on-site risk assessment:** Stronger Together also undertook an on-site human rights and modern slavery assessment at one of SSE Renewables' project construction sites projects in the UK. The assessment involved Stronger Together engaging with the principal contractors on site and speaking to workers directly and privately to check working conditions and to check for signs of modern slavery amongst workers, in order to understand processes and procedures for identifying modern slavery, whistleblowing, and responding to instances of modern slavery on site.

Extensive additional information can be found in SSE Group's Human Rights and Modern Slavery Statement 2022 on the bottom of the [sse.com](https://www.sse.com) homepage. SSE Renewables will continue to increase activity to target this risk over the years ahead, with a particular focus on its plans to rapidly increase its renewable energy assets and expand its operations beyond the UK and Ireland.



Partnerships that power change

Working with key partners enables SSE Renewables to drive progress by collaborating with leaders and specialists to achieve more than it could alone. These partnerships support the company navigate new areas of focus as the scope of the business expands, and ensures it is preparing for the future. SSE plc has a number of well-established partnerships, outlined below, in which SSE Renewables is an active participant.









- **Living Wage Foundation:** SSE Renewables firmly supports the principles and values promoted by the Living Wage Foundation and seeks to support both the Foundation and the wider business community increase the number of working people earn at least a real Living Wage. SSE Group has been an accredited Living Wage employer since 2013. Furthermore, SSE Group became a Living Hours employer in 2021.
- **Fair Tax Foundation:** As the first FTSE100 company to achieve Fair Tax accreditation in 2014, SSE Group has consistently supported the Fair Tax Foundation to establish a culture of pride amongst businesses making a fair contribution in the support of public services. The company has achieved Fair Tax Mark accreditation for eight consecutive years.
- **United Nations Global Compact (UNGC):** SSE has been a signatory of the UNGC since 2018 and aligns to its ten principles for corporate sustainability. In 2022, SSE Group also signed up the UNGC's Ocean Stewardship Coalition which engages with through SSE Renewables.
- **Institute of Business Ethics (IBE):** IBE promotes the highest standards of ethical business conduct, providing its subscriber companies with a wealth of resources in implementing ethical business practices. SSE Group has been a subscriber since 2014 and regularly participates in events and industry working groups to share best practice on embedding ethical business cultures.
- **Business in the community Ireland (BiTCI):** BiTCI is the foremost organisation in the Republic of Ireland promoting sustainability and responsible business practices. SSE is an active member and achieved the Business Working Responsibly Mark for the first time in 2017.
- **Sustainability Supply Chain School:** SSE Group has been a partner of the school since 2021 and is a member of a number of working groups relating to labour standards, infrastructure, carbon, and more. The company has worked with the school to engage with its employees by delivering bespoke training programmes and workshops, as well as collaborate closer with its suppliers.

For more information see sse.com/sustainability/partnerships-and-memberships.



SSE plc: ESG rating and indices performance

To increase transparency of its performance in key ESG ratings and investor-led initiatives, the table below outlines SSE plc's last two years' ratings and inclusion in indices. SSE Renewables' activity contributes to SSE plc's performance in these ratings and indices, alongside the other businesses in the SSE plc group.

	2021/22	2020/21	Stable/improved/decreased
	67/100	63/100	Improved SSE scored as 'Advanced' (Oct 2021)
 Now a Part of 	66/100	56/100	Improved SSE has a 79th percentile ranking (Nov 2021)
 SUSTAINALYTICS ESG Risk Rating*	22.7	30.1	Improved SSE is ranked 11th percentile in the Electric Utilities and assessed as having 'strong' management of ESG issues (Feb 2022)
 MSCI ESG RATINGS AAA	AAA	AAA	Stable SSE is in the top 8% of 139 global utilities (Sep 2021)
 World Benchmarking Alliance Electric Utilities Benchmark	14.4/20	9.9/20	Improved SSE is ranked 2nd out of 50 keystone electric utilities companies globally (Nov 2021)
 World Benchmarking Alliance Just Transition	14/16	-	N/A (first year of benchmark) SSE achieved the highest score out of the 180 companies assessed in the benchmark
 FTSE4Good	Included	Included	Stable SSE has been included in the index series since 2001 (Jun 2021)
 CDP A LIST 2021 CLIMATE	A	A-	Improved SSE is on CDP's climate change A-list (Feb 2022)
 CDP DISCLOSURE RATING WATER	B	B	Stable SSE scored as 'Management' (Dec 2021)
 WDI Workforce Disclosure Initiative	Included	Included	Stable SSE is in the top decile for disclosure (Jan 2022)
 Bloomberg Gender Equality	Included	Included	Stable SSE has been included since the index since 2018 (Jan 2022)

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