From targets to action

SSE's Net Zero Transition Plan

Version 2.0 - June 2025

Contents

About SSE

SSE plc is a leading UK-listed energy company that invests in, develops, builds and operates electricity infrastructure and businesses needed for a clean, secure and affordable energy system. Its diversified portfolio includes onshore and offshore wind farms, hydro-electric power, solar and batteries, flexible thermal generation and electricity transmission and distribution networks. SSE also provides energy products and services for businesses and other customers.

SSE's strategy is to create value for shareholders and society in a sustainable way by building, operating, and investing in the infrastructure and businesses that are critical to a clean power system.

For more detail about SSE's strategy and business activities, see **sse.com.**

About this Plan

This is SSE's second Net Zero Transition Plan. It sets out the tangible actions required to remove greenhouse gas emissions from its electricity generation, operations, and value chain by 2050 at the latest in a way that is fair and manageable for communities. The Plan provides the basis from which the Net Zero Transition Report is produced and progress will be published yearly in SSE's Annual and Sustainability Reports.

In line with the UK Government's Transition Plan Taskforce (TPT), SSE will publish a Plan every three years. The first plan was published in March 2022 and updated in October 2022. As an early adopter of transition planning, and a firm supporter of the published TPT guidance, this Plan has been informed by and aligns with the TPT Framework.

About this update

Refreshed plan on a page structured around three themes - generation, operations, and value chain.

Page 6

New emissions scenarios following the publication of UK Government's Clean Power 2030 Action Plan.

Page 12

Additional action included related to nature restoration.

Page 17

Includes Transition Plan Taskforce (TPT) framework alignment mapping.

Page 21

We welcome feedback. To share your views or ask a question, please contact us by emailing **sustainability@sse.com.**

Transparency through the transition

For over 15 years, SSE has been pursuing a strategy that seeks to decarbonise electricity, its core product. The urgency of that imperative is becoming acute with clear evidence that global warming is accelerating, increasingly impacting workers, communities, and the wider society. While SSE's £17.5bn capital investment programme implicitly supports net zero, a credible Net Zero Transition Plan must make its ambition and actions explicit.

That's what we did in March 2022. As one of the first power companies to embrace transition planning, we set out a plan with targets, action, and accountability at its heart. We have used that plan as the basis for our annual Net Zero Transition Report. Each year shareholders have approved that report with more than 97% of votes in favour. I am pleased to have had that support.

Targets

According to the key decarbonisation pathways established by climate science, electricity must be the first sector to fully decarbonise. Once carbon is removed from power generation, electricity can enable the decarbonisation of other sectors, especially transport and heat. That means the power sector has a special role to play. Back in November 2021, we set science-based targets on the 1.5°C power sector pathway. These include cutting our absolute scope 1 and 2 emissions by 72.5% between 2017 and 2030. We are also targeting net zero for scopes 1 and 2 by 2040, subject to the appropriate policy mechanisms to ensure security of supply for customers.

Action

Of course, targets are important but they are only the beginning of the story. A serious transition plan not only outlines targets, it also explains how we intend to achieve them. This updated Plan makes a few amendments and developments to the actions we set out back in 2022. The fundamentals haven't changed significantly, reflecting broad consensus on how the power system will decarbonise. We have, however, included a new action that highlights the importance of a joined-up approach in relation to nature restoration.

Accountability

My last theme relates to accountability. SSE plays an important part in supporting the power systems in the UK and Ireland to decarbonise. There are many stakeholders vested in SSE's performance against this Plan. At the time of publishing, we are exactly halfway between our base year and our key milestone targets in 2030/31. To support stakeholder scrutiny of our progress we have published two scenarios on page 12: one where SSE meets its 2030/31 targets, and one where they are missed. Openly discussing these issues signals to stakeholders, particularly policymakers and regulators, the necessary policy interventions to achieve net zero at both company and system levels.

The late 2020's and early 2030's represents the hard yards of delivery for the decarbonisation of the power system. SSE continues to take action and adapt to circumstances as they arise. There is no question, however, net zero is an unstoppable force. The science and evidence require it.

Martin Pibworth
Chief Executive Designate

Setting the scene

The net zero imperative

In 2024, the world witnessed the hottest year on record. The past decade has seen the 10 warmest years since records began. Greenhouse gas (GHG) emissions increased more quickly last year than ever before, jeopardising the 2015 Paris Agreement goal to limit climate change to 1.5°C above pre-industrial levels. Extreme weather is making headline news, from wildfires in California to flooding in Europe and severe storms across the UK and Ireland.

The Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment cycle sets out the starkest warnings yet. In March 2023, its Synthesis Report explained that current emission scenarios indicate global temperatures are projected to surpass 1.5°C above pre-industrial levels this century and urged strengthened commitments before 2030.

These trends highlight the need for stronger action by governments and businesses to support the delivery of net zero and reinforce SSE's ambitions to lead the transition to clean energy.

Clean power is central to the net zero transition

Across climate science, all global pathways to net zero emissions rely on the accelerated decarbonisation of the power sector as the foundation. In the UK, rapid growth in electrification and clean electricity is expected to deliver the majority of emissions reductions by 2040. This will be driven by grid decarbonisation, as well as the replacement of fossil fuel cars with electric vehicles, and gas boilers with heat pumps.

This special status for clean power is further reinforced by the important social impact it has in providing power and heat to homes and businesses. This role is developing quickly to include energy for transport. This highlights the need for electricity that is not only low carbon but also affordable and secure. These factors are vital to delivering a legitimate transition to a net zero energy system.

SSE primarily operates in the UK and Ireland, both of which have stretching climate ambitions, aiming to achieve net zero across their economies by 2050. In the UK, the Government has pledged to decarbonise the power system, publishing a Clean Power 2030 Action Plan to outline the path to get there. In Ireland, the new Government reaffirmed its 2030 renewable energy targets, with a focus on aligning delivery with competitiveness and economic growth.

SSE Renewables is driving the net zero transition through the development, financing, construction and operation of world-class renewables in domestic and selected international markets. SSE Thermal is providing critical flexibility to offset renewables variability as the energy system transitions to net zero.

What is net zero?

Net zero refers to the balance between the amount of GHG emissions emitted and the amount removed from the atmosphere. Net zero is achieved when the amount added is no more than the amount taken away. To limit global warming to 1.5°C above pre-industrial levels, it is estimated that global GHG emissions must be net zero by 2050.

SSE's targets

Achieving net zero:

2040: Net zero for SSE's scope 1 and 2 emissions.

2050: Net zero for all SSE's remaining scope 3 emissions.

SSE's approach to net zero

Recognising the importance of decarbonising the power sector as quickly as possible, SSE aims to achieve net zero across its scope 1 and 2 emissions by 2040 at the latest, and 2050 for scope 3 emissions, subject to the security of supply.

SSE seeks to reduce emissions to the point as close to zero as reasonably practical using abatement solutions. SSE will neutralise any remaining residual emissions using high quality removal solutions.

SSE's long-term net zero ambitions are supported by a series of near-term targets approved by the Science Based Targets Initiative (SBTi). These targets are aligned to the Paris Agreement and the power sector's 1.5°C pathway.

Near-term science-based targets:[1]

Carbon intensity
Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030 from 2017/18 base year.

Absolute emissions
Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from 2017/18 base year.

Supplier engagement
Engage with 90% of suppliers by spend to set science-based targets by 2030.[2]

Gas sold
Reduce absolute emissions from use of products sold by 50% by 2034 from 2017/18 base year.

SSE's two economically regulated businesses, SSEN Transmission[3] and SSEN Distribution[4], as part of their respective business plans, have set their own near-term science-based GHG emissions targets and accompanying actions. These targets and actions, which are outlined throughout this Net Zero Transition Plan, contribute to SSE's overall net zero ambitions.

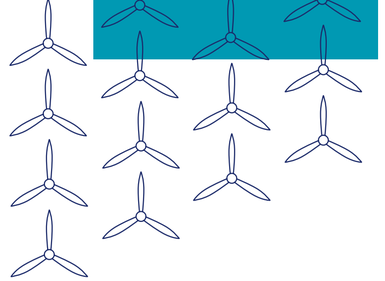
1 While trustworthy carbon markets must provide part of the long-term answer, the company remains cautious about their validity. As a result, SSE has ruled out using offsets as part of its own transition plan in both the short and medium term.
2 SSE has achieved its supplier engagement target to engage 50% of suppliers by spend to set science-based targets by 2024. This target has been increased to engage 90% of suppliers by spend to set science-based targets by 2030.
3 SSEN Transmission, operating under licence as Scottish Hydro Electric Transmission plc (SHET), owns, operates, and develops the high voltage 132kV, 275kV and 400kV electricity transmission system in the north of Scotland and remote islands.
4 SSEN Distribution, operating under licence as Scottish Hydro Electric Power Distribution plc (SHEPD) and Southern Electric Power Distribution plc (SEPD), is responsible for safely and reliably maintaining the electricity distribution networks supplying over 3.8 million homes and businesses across central southern England and the north of Scotland.

SSE's Net Zero Acceleration Programme Plus

To support the delivery of its net zero ambition, SSE is executing an investment plan that pivots to where opportunity and sustainable value emerge in a highly dynamic market.

In line with SSE's commitment to capital discipline and a further reweighting of investment to regulated networks, the Net Zero Acceleration Programme Plus has, in 2025, evolved into a £17.5bn five-year plan to 2027.

The plan is building the renewables, electricity networks and system flexibility that will be needed to reach net zero. With around 90% of the NZAP Plus expected to be invested in either renewables or networks, the vast majority of this investment is directly focused on climate solutions.



Net Zero Transition Plan on a page

SSE's near and long-term carbon targets, alongside key actions it will take to achieve them.

Near term (2025 - 2035) | **Long term (2035 - 2050)**

2025 | 2035 | 2050

Targets

Carbon intensity
Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030, from a 2017/18 base year.

Absolute emissions
Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2017/18 base year.

Supplier engagement
Engage with 90% of suppliers by spend to set science-based targets by 2030.

Gas sold
Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year.

Scope 1 and 2
Net zero for SSE's scope 1 and 2 emissions by 2040.

Scope 3
Net zero for all SSE's remaining scope 3 emissions by 2050.

Actions

Generation (Scope 1)

1. Reduce emissions from unabated gas generation
2. Develop new low-carbon flexible generation
3. Grow the renewable energy portfolio
4. Transparent advocacy in favour of enhanced policy
5. Explore options for neutralising residual emissions

Operations (Scope 1 and 2)

6. Reduce electrical losses from SSEN Distribution
7. Reduce reliance on Scottish Island backup diesel generation
8. Reduce SSEN's leakage and reliance on SF_6
9. Switch vehicle fleet to electric
10. Deliver a net zero property estate

Value chain (Scope 3)

11. Support customers to fuel switch and use less gas
12. Advocate for a pathway for decarbonised heat
13. Work with joint ventures to deliver a net zero pathway
14. Collaborate with suppliers on net zero action
15. Work with suppliers to improve scope 3 reporting

Climate adaptation and resilience
16. Continuous review of adaptation plans at business unit level, whilst participating fully in national adaptation frameworks

The natural environment
17. Ensure all onshore large capital projects in the UK and Ireland incorporate SSE's nature-related targets

Just transition
18. Publish an annual update on delivery of the Just Transition Strategy

SSE's base year for target setting

To set science-based greenhouse gas (GHG) emissions targets with integrity, we need a clear starting point.

Total GHG emissions in SSE's 2017/18 base year

While SSE's carbon reduction journey started over 15 years ago, this Plan uses the 2017/18 financial year as its base year for emissions. Understanding this baseline is key to understanding the ambition and structure of SSE's targets.

In 2017/18, SSE's total GHG emissions (see Figure 1) consisted of:

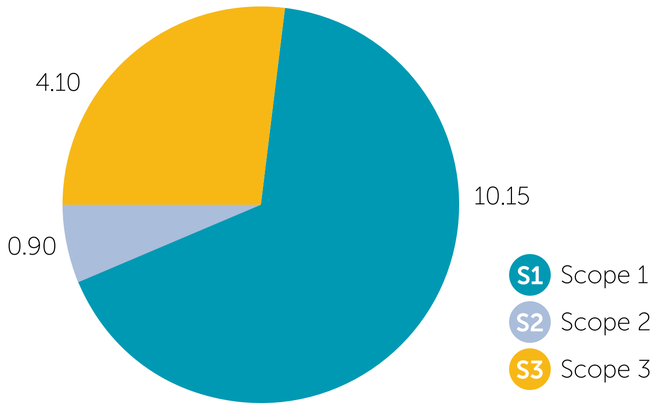
67% S1 scope 1 emissions

6% S2 scope 2 emissions

27% S3 scope 3 emissions

The majority of its Scope 1 and 2 emissions are from thermal electricity generation, making it a key focus of SSE's Net Zero Transition Plan.

Figure 1: SSE's 2017/18 total GHG emissions by scope ($MtCO_2e$)

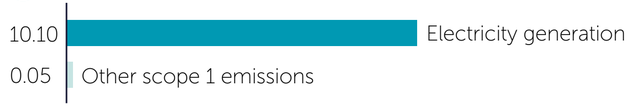


SSE's scope 1 emissions

In 2017/18, 99% of SSE's scope 1 emissions came from generating electricity using coal, gas, and oil (see Figure 2). The remaining 1% of emissions (other scope 1 emissions) came from activities including:

- Fixed generators and mobile plant
- Fugitive emissions from SF_6 used in networks
- Fuel used in company vehicles
- Gas used in offices and depots

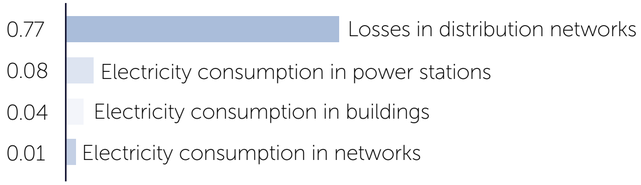
S1 Figure 2: SSE's 2017/18 scope 1 GHG emissions by category ($MtCO_2e$)



SSE's scope 2 emissions

In the base year, 15% of scope 2 emissions came from electricity used in SSE's offices, networks, and power stations. The remaining 85% was due to electricity lost in SSE's distribution networks in the north of Scotland and southern central England (see Figure 3).

S2 Figure 3: SSE's 2017/18 scope 2 GHG emissions by category ($MtCO_2e$)



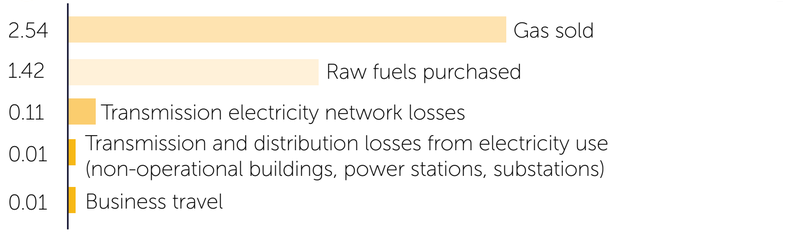
SSE's scope 3 emissions

SSE's total scope 3 emissions in 2017/18 were 4.1 $MtCO_2e$. The largest contributions were:

- Gas sold to customers
- Fuel purchased to generate electricity

Together, these two sources accounted for 97% of SSE's reported scope 3 emissions (see Figure 4).

S3 Figure 4: SSE's 2017/18 reported scope 3 GHG emissions by category ($MtCO_2e$)



Noting the complexities of the GHG Protocol, especially related to operational boundaries, SSE continues to improve its understanding and evolve its reporting. SSE is working towards enhanced transparency and as more data becomes available, and with changes to operational control, SSE's scope 3 emissions now include contractor vessel fuel data, and investment emissions. See a breakdown of SSE's emissions footprint by source in Appendix 2.

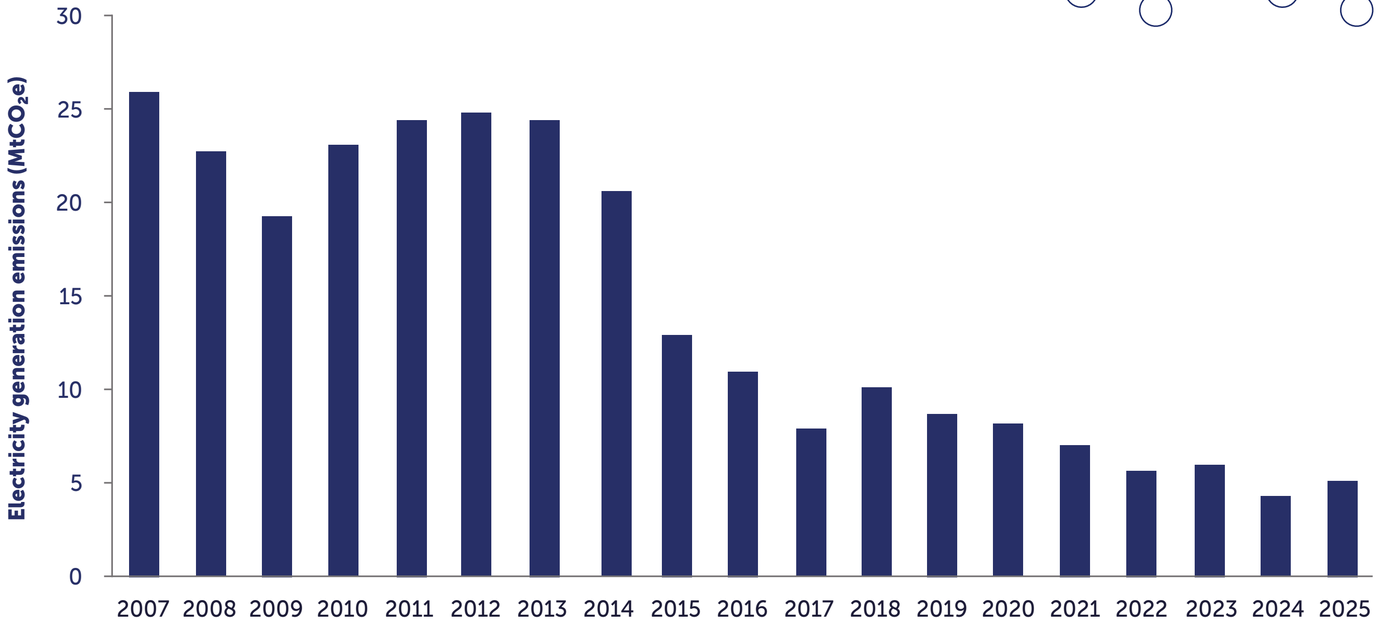
More information on SSE's GHG reporting, including definitions and the standards used, can be found in its SSE Sustainability Reporting Criteria at **sse.com/sustainability**.

Reducing power generation emissions

SSE's transition to date

SSE has already made major progress in reducing GHG emissions from electricity generation. Between its peak in 2006/07 and its 2017/18 base year, SSE cut emissions by 61%. Since then, emissions have continued to fall. This reflects a deliberate shift away from coal and gas towards a generation portfolio focused on renewables and flexible generation.

Figure 5: SSE's historical electricity generation GHG emissions 2006/07 – 2024/25



Reducing power generation emissions

Transitioning thermal electricity generation

Targets:

Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2027/18 base year

Net zero for SSE's scope 1 and 2 emissions by 2040

Actions

1. Reduce emissions from unabated gas generation
2. Develop new low-carbon flexible generation

SSE's material scope 1 GHG emissions come from its thermal power generation activities. SSE has taken the decision to maintain these assets within its portfolio, rather than divesting them, recognising the important role flexible generation plays in enabling an increasingly renewables led system and in supporting security of supply.

To achieve its near term 2030/31 target, and 2040 net zero target, significant reductions in these emissions must continue to be delivered. Between 2017/18 and 2024/25, SSE's scope 1 emissions have reduced from 10.1 $MtCO_2e$ to 5.2 $MtCO_2e$. Emissions between 2023/24, SSE's lowest emissions year on record, and 2024/25 increased by 20%, demonstrating, once again, that these targets will not be achieved through a straightforward downward trajectory.

SSE's strategy is to develop and operate a portfolio of low carbon flexible generation, thereby reducing reliance on higher carbon power stations over time. Policy intervention to enable investment in low carbon alternatives like pumped hydro storage, carbon capture and storage (CCS), hydrogen and other sustainable fuels, is a pre-requisite. This has been slower to deliver than anticipated, which has led to a recognition that the existing fleet of thermal power stations will continue to be required on the system into the 2030's – as set out in the UK Government's Clean Power 2030 Action Plan, Ireland's Climate Action Plan, and EirGrid's Tomorrow's Energy Scenarios. SSE has considered the external factors impacting its ability to invest in low carbon alternatives, and has adapted its approach towards delivery of its 2030/31 and 2040 goals. This now includes making targeted investments in existing unabated assets, where they will be needed for longer than their current technical life allows, while continuing to pursue low carbon options.

Reduce emissions from unabated gas generation

While there may be need for extension to life of existing gas-fired power stations or new gas-fired power generation in the UK and Ireland, to meet demand and system security needs in the absence of low carbon alternatives, this can and should be delivered in a way that minimises the risk of carbon lock-in, while maximising the ease of and opportunity for decarbonisation.

This can be achieved through the way in which higher carbon assets run and support an increasingly renewables led system, and by ensuring there is a clear pathway to decarbonisation for any new asset.

SSE will achieve its targets, while supporting system needs, by:

- Reducing running hours, known as lower load factors, in response to increasing renewable generation on the system;
- Investing in the existing portfolio only where assets have an important role to play in contributing to security of supply, to meet the needs of the energy system and society;
- Closing assets when they meet the end of their engineering and economic life, and are no longer required as strategic reserve capacity;
- Ensuring there is a system need and clear pathway to decarbonisation for any new project or asset that could bring additional GHG emissions onto SSE's inventory.

Develop and progress new low-carbon flexible generation

While SSE's primary aim is to deliver low carbon power stations using CCS or hydrogen, it is also developing new large scale power stations which would be capable of running on natural gas, low carbon hydrogen, or other low carbon fuel(s) when policy and infrastructure allows, or a combination of both, to support short term energy security and longer-term decarbonisation.

In line with its net zero commitment and to minimise the risk of locking-in unabated emissions over the longer-term, SSE has set criteria against which it will evaluate whether to enter potential hydrogen-ready projects into the planning process:

- In close proximity to, and capable of, connecting to a planned national or regional hydrogen network
- Located within an established or planned CCS industrial cluster
- Can access a grid connection by the early 2030's
- Delivers against SSE's Net Zero Transition Plan

SSE will assess whether a project has a clear pathway to full decarbonisation by 2035, within a supportive regulatory framework, before taking any Final Investment Decision.

SSE is also developing options to use other low carbon fuels, where possible, to displace reliance on unabated fossil fuels. This includes using hydrotreated vegetable oil (HVO), a sustainable biofuel, for new power stations in Ireland which would also be capable of transitioning to run on hydrogen when policy, fuel availability and infrastructure allow.

SSE is investing in the development of new low carbon flexible generation, designed to operate within a clean power system. This includes abated gas, which covers options for new-build CCS, CCS-retrofit and hydrogen, as well as pumped hydro and other low carbon fuels – each playing a key role in balancing the electricity system as more renewables connect to the grid.

Abated power stations with carbon capture and hydrogen

SSE is progressing the development of abated power stations, using technologies such as CCS and hydrogen. Planning consent is already in place for Keadby Carbon Capture Power Station in the Humber. Progress is dependent on government delivering the CO_2 transport and storage infrastructure needed to support the project. SSE is also seeking planning consent for Peterhead Carbon Capture Power Station in Aberdeenshire, which is well placed to anchor the CO_2 infrastructure required to decarbonise Scotland's industry.

Hydrogen value chain

Unlocking the hydrogen economy is essential for the future of low carbon flexible power. SSE is investing across the hydrogen value chain, including production, storage, and hydrogen capable power stations. Aldbrough Hydrogen Pathfinder is a full value chain hydrogen to power project that could be operational before 2030, given the right policy and regulation. Additionally, Mission H2 Power; a joint investment with Siemens Energy, is developing turbine technology capable of running on 100% hydrogen.

Exploring alternative low carbon fuels

SSE is also exploring opportunities to use alternative low carbon fuels in generation projects, including sustainable biofuels, biomethane, and hydrogen derivatives. These alternatives can help reduce reliance on unabated fossil fuels and provide additional flexibility to the system.

Long duration storage solutions

Alongside hydrogen and battery storage, SSE is progressing plans for Coire Glas - a consented, large-scale pumped hydro storage project in the Scottish Highlands. Coire Glas could play a major role in providing long duration, flexible storage for the UK's electricity system. SSE is preparing for a Final Investment Decision, subject to the development of a policy framework that supports long duration storage solutions.

Reducing power generation emissions

Reducing carbon intensity of electricity generated

Target:

Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030, from a 2017/18 base year.

Action

3. Grow the renewable energy portfolio

Reducing the carbon intensity of electricity generation is central to SSE's net zero strategy. SSE's first 2030 business goals is to cut scope 1 greenhouse gas (GHG) emissions intensity by 80% compared to 2017/18 levels, reaching 61gCO_2e/kWh – consistent with a 1.5°C Paris-aligned pathway. This target is underpinned by two key developments:

- A substantial reduction in emissions from unabated gas generation, supported by the development of low-carbon flexible generation;
- Major expansion in renewable electricity generation, especially from offshore wind.

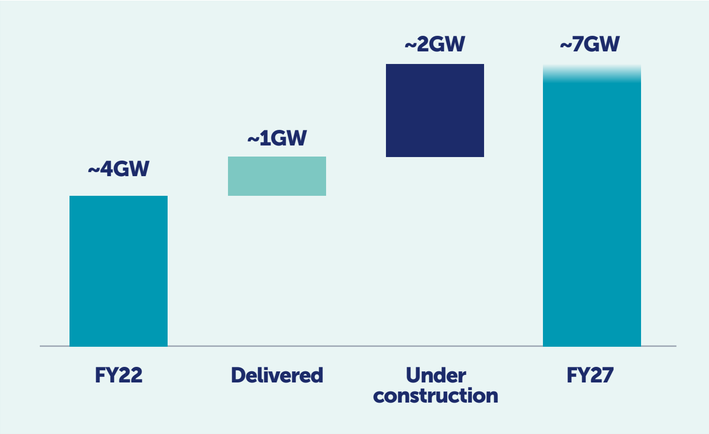
Build a renewable electricity generation portfolio

In 2024/25, SSE owned 5GW of installed renewable generation capacity. SSE is targeting an increase in installed capacity to 7GW by 2027, with ~1GW under construction at that point in time. SSE Renewables currently has a strong long-term secured project pipeline of around 20.5GW with 2.5GW already under construction.

Projects under construction include Dogger Bank, set to become the world's largest offshore wind farm. Other recent major projects include:

- Seagreen Wind Farm (1.1GW) – the world's deepest fixed bottom offshore wind farm, completed in October 2023.
- Viking Wind Farm (443MW) – the UK's most productive onshore wind farm, completed in July 2024.
- Berwick Bank Offshore Wind Farm – submitted for Planning Approval in December 2022 with the potential to deliver 4.1GW.
- Coire Glas – a pumped hydro storage project with the potential to become the first large scale pumped hydro storage scheme to be developed in the UK for more than 40 years, waiting Final Investment Decision.

Figure 6: SSE Renewable's capacity forecast 2022 to 2027



More detail on SSE's renewables pipeline can be found in SSE's 2024/25 results presentation at **sse.com/investors/reports-and-results/**.

Reducing reliance on imported fossil fuels

Scaling up renewable electricity generation is SSE's most important contribution to climate targets in the UK and Ireland. Clean electricity not only cuts emissions but also strengthens energy security and reduces exposure to volatile global fossil fuel markets. That's why SSE continues to advocate for accelerated deployment of renewables across onshore and offshore wind, supporting households and businesses in the transition to a low-carbon, secure, and affordable energy system.

Reducing power generation emissions

Advocating for clean power

Actions

4. Transparent advocacy in favour of enhanced policy
5. Explore options for neutralising residual emissions

Transparent advocacy to support the establishment of policy frameworks that deliver a net zero power sector

SSE understands the imperative to completely decarbonise electricity systems in developed economies by 2035. However, it believes that without further policy intervention, that goal will not be achieved in either the UK, where there are ambitions to deliver a Clean Power System by 2030, or Ireland. It therefore seeks to be a constructive partner with governments and will advocate for the following key developments in energy policy:

- **Decarbonisation of flexible power generation:** The UK Government's Clean Power 2030 Action Plan sees a requirement for between 2GW and 7GW low carbon dispatchable power on the GB system, with this increasing into the 2030's. To achieve this, SSE has a focus on carbon capture and storage (CCS) and hydrogen-fired power generation and is advocating for policies that support this. This includes the deployment of CCS and hydrogen transport and storage infrastructure, which will underpin decarbonisation of industrial activity and flexible power generation; low carbon hydrogen production to enable access to a low carbon fuel; and routes to market for power stations using hydrogen and CCS. The UK has taken positive first steps, achieving a Final Investment Decision on the first low carbon cluster, which includes a low carbon power station using CCS, and initiating hydrogen allocation rounds to secure investment in hydrogen production. SSE believes these should build the foundation for further investment in, and policy support for, additional low carbon clusters and a broader hydrogen economy.

- **Responsible phased reduction of unabated gas generation:** To ensure security of supply as the energy system decarbonises, there will be a requirement to progress the reduction of unabated thermal generation output in a measured and controlled way at an industry level. This was seen in the past through mechanisms to reduce

pollutants, such as the Large Combustion Plant Directive or the Industrial Emissions Directive. With existing assets continuing to be needed on the system into the 2030's to support security of supply, SSE is advocating for a clear plan and policy framework that sets out the role for unabated thermal generation and allows appropriate, targeted and timely investment where required. SSE is also advocating for tighter standards for any new assets coming onto the system, considering emissions limits, robust readiness requirements for decarbonisation and, in Ireland in particular, support for transitional fuels which can provide an alternative to unabated fossil fuels.

- **Pumped storage hydro:** pumped storage hydro at scale provides highly valuable long duration energy storage (LDES) with SSE making this case to policy makers for many years. SSE is encouraged that the UK Clean Power 2030 Action Plan has identified pumped storage as critical to its pathway to achieve clean power. SSE's 30GWh Coire Glas pumped storage project in the Scottish Highlands could be the first major pumped storage hydro scheme built in more than 40 years. While the introduction of a cap and floor investment framework in early 2025 is a significant step forward, SSE will continue to support policy makers to deliver a practical and workable mechanism that will enable the deployment of long-duration electricity storage projects.

Neutralising residual emissions

SSE aims to achieve net zero emissions by 2040 for scope 1 and 2, and by 2050 for scope 3. After reducing emissions as much as possible, SSE will neutralise residual emissions using greenhouse gas removals (GGRs) and nature-based solutions. SSE advocates for GGRs to be guided by best available science and independent frameworks, with robust criteria for reduction thresholds, quality, permanence, and wider impacts. Separate monitoring, reporting, and verification will ensure accountability and transparency.

SSE is exploring pathways for these technologies and solutions. SSEN Distribution is restoring 14 hectares of seagrass in Scotland. SSE Thermal is assessing engineered solutions, leveraging expertise in carbon capture and storage, and engaging with UK Government policy to develop a market for GGRs. This includes a business model, standards, and integration into the UK Emissions Trading Scheme.

SSE will implement negative emissions solutions using the best available science and independent frameworks, including the GHG Protocol and the Science Based Targets Initiative.

Emissions scenarios

Understanding SSE's potential performance against its 2030/31 science-based targets

With six years until SSE reaches the milestone of its near-term science-based emissions target, the ability to forecast a range of potential outcomes in 2030/31 is becoming apparent.

To clearly show the range of potential outcomes, SSE has published two scenarios for its 2030/31 targets. Firstly, a scenario where the UK Government achieves its Clean Power 2030 Action Plan (CP30), which would see SSE comfortably meet its near-term science-based targets. At the other end of the spectrum, SSE can see a scenario where the 2030/31 targets are missed. With 87% of SSE's scope 1 emissions deriving from its thermal power stations in Great Britain, the UK's policy framework for electricity generation has the most material impact on its expected portfolio performance.

In the interests of maximum transparency for its stakeholders, the two ends of the scenario spectrum are explained below.

CP30 Scenario

The UK Government's Clean Power 2030 Action Plan provides the most ambitious set of carbon reduction plans yet. While CP30 has been described as "a mission just short of impossible" it is a very welcome mission and SSE, alongside many others in the power system, is seeking to support the actions required to deliver clean power by 2030. In this scenario, SSE expects to emit 1.9MtCO_2, outperforming its science-based target by reducing absolute scope 1 and 2 emissions by 83% against the 2017/18 base year. The carbon intensity of this scenario is expected to be 48g/kWh, compared to the science-based target of 61g/kWh.

Underpinning this scenario is:

- 50GW of installed offshore wind in GB;
- While all of SSE's existing thermal plant will remain available, two will deliver zero running hours;
- Significantly reduced load factors for SSE's remaining GB thermal power stations;
- No change to the load factors at SSE's Irish thermal power stations.

CP30 Delayed Scenario

There is a highly plausible set of circumstances that could lead to SSE's scope 1 and scope 2 emissions out turning in 2030/31 at 4.4MtCO_2. This would mean SSE reduces absolute scope 1 and 2 emissions by 60% against the 2017/18 base year, compared to SSE's science-based target reduction of 72.5%. Furthermore, SSE's carbon intensity target would also be missed, out turning at 100g/kWh, as opposed to its science-based target of 61g/kWh.

Underpinning this scenario is:

- 50GW of offshore wind operational in 2037, not 2030;
- While load factors are expected to continue to reduce, they stay higher for longer on all of SSE's existing thermal plant in GB;
- Load factors at SSE's Irish thermal power stations remain stable.

It is important to recognise the interrelated nature of the power system. If new large scale renewable projects are delayed, there is a consequential impact on the requirement for the higher carbon alternative. Similarly, if new low carbon flexible generation is not developed in time for SSE's 2030/31 milestone target, the consequence will be that existing higher carbon plant is required for longer.

Figure 7: SSE's absolute scope 1 and 2 GHG emissions ($MtCO_2e$)

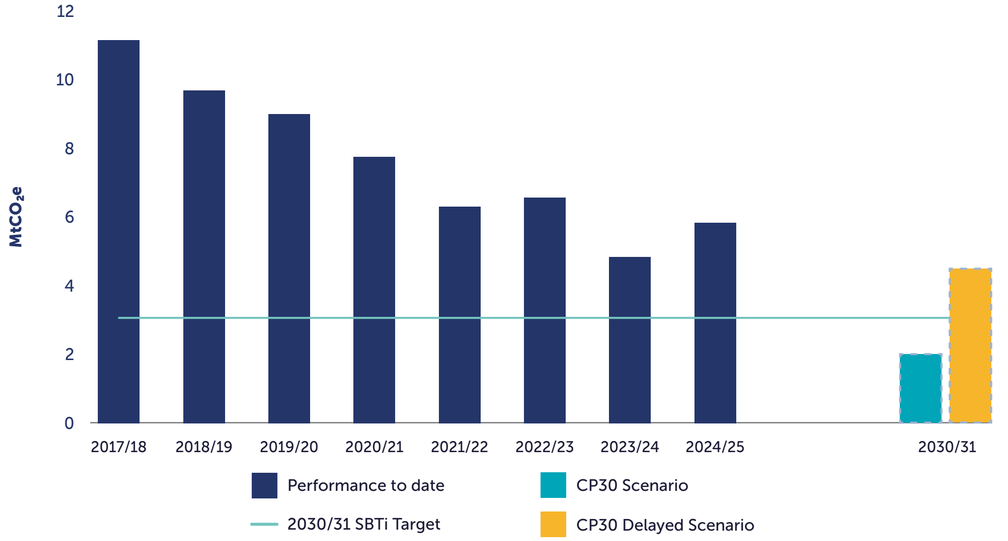
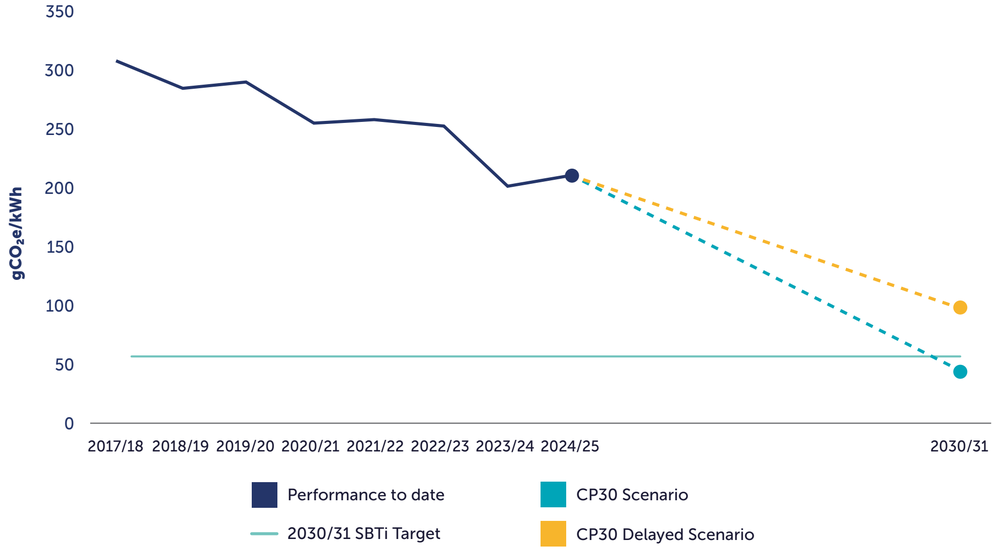


Figure 8: SSE's scope 1 carbon intensity (gCO_2e/kWh)



Addressing operational emissions

Beyond electricity generation, SSE's is taking action to reduce greenhouse gas (GHG) emissions across its wider business – from its electricity networks to its buildings and fleet.

Targets:

Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2017/18 base year.

This is supported by SSE's regulated networks' 1.5°C-aligned, SBTi-verified targets:

SSEN Transmission: 46% absolute reduction in scope 1 and 2 carbon emissions by 2030 from a 2018/19 base year

SSEN Distribution: 55% reduction in Scope 1 and 2 emissions by 2033 from a 2019/20 base year

Actions

6. Reduce electrical losses from SSEN Distribution
7. Reduce reliance on Scottish Island backup diesel generation
8. Reduce SSEN's leakage and reliance on SF_6
9. Switch vehicle fleet to electric
10. Deliver a net zero property estate

SSE's Electricity Networks

Reduce electrical losses from SSEN Distribution

SSEN Distribution is investing to better understand, manage, and reduce electrical losses. It is prioritising technologies that result in lower loss rates, including larger cable sizes and highly efficient substation equipment. These technologies are being introduced as part of its standard specification for new equipment. These actions are increasingly important as rising demand for electricity grows throughout the energy transition.

Reduce reliance on SSEN's Scottish Island back-up diesel generation

SSEN Distribution has developed a comprehensive strategy to decarbonise its Diesel Embedded Generation (DEG) fleet, which is vital to meeting its science-based targets and achieving net zero. The strategy includes strengthening network resilience, deploying flexibility services, and repowering diesel generators with lower-carbon fuels, such as Hydrotreated Vegetable Oil (HVO). It also includes innovation projects, such as the Resilience as a Service (RaaS) project, and sets out a pathway to meet tighter NOx emissions by 2033 for planned outages, and 2039 for unplanned outages. The strategy is tailored to each island group and underpinned by ongoing stakeholder engagement. On Shetland, for example, emissions at Lerwick Power Station are expected to fall as it moves to standby operation following the commissioning of the HVDC link.

Reduce SSEN's leakage and reliance on SF_6

SSEN Transmission has made significant progress and continues to manage SF_6 leakages through the application of its Insulation and Interruption Gasses Strategy. The Strategy determines that, unless there is no practical alternative, no new SF_6 assets will be installed. Additionally, as part of the Strategy, SSEN Transmission is prioritising interventions and proactively replacing assets ahead of significant leakages materialising.

In addition to managing current assets, SSEN Transmission is leading the adoption of alternatives to SF_6. It is working with suppliers to install world leading SF_6-free 420 kV g^3-insulated switchgear and busbar technology at Kintore substation in Aberdeenshire. This pioneering technology replaces SF_6 with g3 gas, resulting in a 99% reduction in the gas's contribution to carbon emissions. SSEN Transmission also contributes to wider industry action through the Energy Networks Association.

SSEN Distribution is targeting the removal of SF_6 equipment with the highest leakage rates and avoiding new installations of SF_6 at 132kV unless there is no practical alternative. It is improving asset management through a dedicated performance forum involving operational, environmental, investment, and strategy teams. While viable SF_6-free alternatives at lower voltages are not yet widely available, SSEN Distribution is actively engaging with suppliers to trial new technologies and is contributing to industry working groups to support innovation in low-carbon switchgear solutions.

Buildings and vehicle fleet

Switch vehicle fleet to electric in line with EV100 commitment

SSE joined The Climate Group's EV100 global initiative in 2019. This initiative brings together over 120 of the world's leading companies who are committed to switching their fleets to make electric transport the new normal by 2030. SSE has agreed to transition over 2,500 vehicles to electric by 2030 and install EV charging points across its sites. This aims for 100% of vehicles up to 3.5 tonnnes will be electric, and 75% of vehicles up to 7.5 tonnes will be electric. With growing numbers, EV100 members are influencing policy and sending powerful signals to manufacturers and governments to accelerate the market scale up of electric vehicles.

Deliver a net zero property estate

SSE is installing energy efficiency measures and monitoring equipment across the estate, alongside microgeneration technologies to reduce electrical consumption where viable. All managed offices already use 100% renewable electricity, backed by renewable energy guarantees.

Decarbonising value chain emissions

SSE has an important role to influence the decarbonisation of its indirect scope 3 value chain emissions by advocating for decarbonised heat, working with joint venture partners, and collaborating with its supply chain.

Target:

Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year.

Net zero for all SSE's remaining scope 3 emissions by 2050.

Actions

11. Support customers to fuel switch and use less gas
12. Advocate for a pathway for decarbonised heat
13. Work with joint ventures to deliver a net zero pathway

Targeting scope 3 emissions reductions

In 2017/18, Scope 3 emissions represented just over a quarter of SSE's total reported emissions. SSE has two near-term scope 3 GHG emissions targets. The first is a target to reduce emissions from the use of gas sold by 50% by 2034. The second is to engage 90% of suppliers by spend to set science-based targets by 2030. SSE's long term target is to achieve net zero for scope 3 emissions by 2050.

Reducing scope 3 emissions relating to gas sold

SSE Energy Customer Solutions (ECS) sells gas to homes and businesses. While the long-term policy for decarbonising heat remains uncertain, SSE recognises the need for early action and is progressing three key areas:

Fuel switching: Helping customers adopt low-carbon solutions such as heat pumps, solar, and green gas (e.g. biomethane), and supporting businesses in reducing emissions through strategic corporate power purchase agreements.
Energy efficiency: Working with customers to reduce gas use by installing retrofits (e.g. insulation, replacement windows and doors), and demand management technologies such as building energy management systems and remote services.
Policy advocacy: Championing the development of investable policy frameworks that enable a cost-effective transition to low-carbon heating technologies (e.g. city-scale heat networks).

Work with joint ventures to deliver a net zero pathway

SSE reports emissions using the operational control approach. Historically, emissions from its electricity generation activities were being reported in scope 1 only. Following the end of the Power Purchase Agreement (PPA) at Seabank power station in September 2021 and the acquisition of a 50% equity share in Triton Power Ltd in 2022, SSE now includes emissions from these assets under scope 3, category 15 (Investments). This is in-line with the Greenhouse Gas Protocol. For both existing and future joint ventures, SSE will:

- Work with joint venture partners to ensure each investment sets a clear net zero pathway
- Disclose all GHG emissions in line with the GHG Protocol and other relevant standards

Due to the complexity of GHG accounting rules and the exclusion of joint ventures (JVs) from SSE's scope 1 carbon intensity metric, SSE will work towards an adjusted intensity metric that includes JVs. This will enhance transparency on the transition of SSE Group's portfolio of assets and investments for our stakeholders.

Decarbonising value chain emissions

Target:

Engage 90% of suppliers by spend to set an SBT by 2030.

Actions

14. Collaborate with suppliers on net zero action
15. Work with suppliers to improve scope 3 reporting

Working with suppliers to set science-based targets and reduce emissions

Engaging SSE's suppliers to set science-based targets will support the reduction of emissions in the sectors that SSE's supply chain represents. SSE reached its 2024 target of engaging 50% of suppliers by spend to set science-based targets and has now increased its ambition to 90% by 2030. This is supported by SBTi-verified Scope 3 targets within SSE's regulated networks businesses.

Supplier engagement

Supplier engagement is central to SSE's sustainable procurement approach, which focuses on strong collaboration.

SSE's Sustainable Procurement Code and Supplier Guidance are important tools in managing environmental and social impacts through its supply chain. The code sets clear expectations for suppliers to have a net zero carbon reduction strategy aligned with climate science.

SSE launched the Powering Net Zero Pact in 2022 with 10 founding partners. It brings together organisations across the energy sector to encourage collaboration to deliver a fair and just transition to net zero. The Pact has a shared commitment to work towards setting 1.5 degree aligned science-based targets and tackle scope 3 emissions. Through partnerships like the Supply Chain Sustainability School (SCSS), SSE also supports training and knowledge sharing on carbon reduction.

Addressing emissions from purchased goods and services

SSE's primary climate impact is enabling decarbonisation through clean electricity infrastructure. However, building this infrastructure also generates scope 3 emissions from purchased goods and services, and capital goods – including materials such as concrete, steel, aluminium, and copper.

These emissions are complex to tackle. They are hard to measure accurately and are expected to rise in the short to medium-term as infrastructure is built and global supply chains transition to lower carbon options.

SSE is strengthening its approach by:

- Improving data capture and reporting through platforms such as EcoVadis.
- Assessing embodied carbon in infrastructure through its Large Capital Projects Framework.
- Exploring long-term transition pathways for lower-carbon materials such as green steel and low carbon concrete.

Climate adaptation and resilience

Action

16. Continuous review of adaptation plans at business unit level, whilst participating fully in national adaptation frameworks

Climate change impacts

2024 was the warmest year on record and the first year to pass the 1.5°C global warming limit. The latest climate and weather science demonstrates clearly that climate change is accelerating. The physical impacts of climate change have the potential to adversely impact SSE's operations and interrupt the supply of energy to its customers.

Changes in rainfall and wind patterns can determine the output levels of SSE Renewables' generation assets. Extreme weather events, such as storms, floods, and heat waves, can impact the resilience of SSEN's electricity networks and wider SSE assets.

SSE's strategy is aimed at enabling the energy transition, at the same time as increasing its focus on preparing for a climate changed world. SSE is taking action to manage climate risk and strengthen resilience to prepare for extreme weather events. This includes short- and long-term weather monitoring, the use of climate projections, crisis management and business continuity plans, and targeted infrastructure investment.

SSE's network businesses have set out their resilience strategies with climate adaptation actions in their respective price control frameworks. The physical impacts of climate change are also included in SSE's annual climate-related financial disclosures.

Assessing climate risk

Understanding how climate change could affect SSE's operations in the coming decades is essential to building resilience. SSE uses climate projections, such as the Met Office UK Climate Projection (UKCP18) tool, to assess how changes in temperature, rainfall, and the frequency of more extreme weather may affect key assets and infrastructure. This insight helps inform SSE's risk assessments and adaptation planning.

SSE participates in national adaptation frameworks, which set out the actions that the government, infrastructure providers, and local authorities will take to adapt to the impact of climate change. In 2024, SSE participated in the fourth round of Climate Adaptation Power Reporting (APR4), a key input into the UK's next National Adaptation Programme (2028-2033) and the Climate Change Committee's (CCC) Adaptation Progress Report. These assessments provide valuable evidence allowing businesses and government to evaluate the country's resilience to climate change.

SSE's climate adaptation and resilience strategy

SSE's goal is to ensure its infrastructure remains resilient in a climate changed world. This means reviewing the resilience of its existing assets to extreme weather events, designing new assets to enhanced engineering standards, contributing to national resilience planning, and sharing learnings in order to build climate resilience locally, nationally, and internationally.

To deliver this, SSE is developing a Group-level framework to oversee adaptation plans across the business and plans to:

- Continue conducting climate risk assessments to understand the material physical impacts of climate change;
- Collaborate with other sectors and stakeholders to understand the interdependencies of climate risks; and
- Develop adaptation action plans to mitigate and manage future climate risks.

To evaluate SSE's resilience to climate change, SSE will publish progress reports on climate adaptation through national adaptation planning rounds and its Sustainability Report.

The natural environment

Action

17. Ensure all onshore large capital projects in the UK and Ireland incorporate SSE's nature-related targets

Protecting and restoring the natural environment

SSE understands that the climate and nature crises facing the world are interlinked. Nature and ecosystems are impacted by a climate changed world, but improving their health supports resilience to those worst effects of climate change.

SSE has a long history of working in remote, precious landscapes and is committed to minimising its footprint and looking for ways to restore the natural habitats around its operations. As well as addressing carbon emissions, this means limiting the use of important resources, such as water, minimising other air emissions, and reducing waste through responsible consumption and production. But it's also about going further and making a positive impact: SSE has therefore set specific nature-related targets as well.

SSE's nature-related targets

SSE aims to leave habitats in a better state than they were found. In practical terms, that means SSE has established three nature-related targets for onshore large capital projects in the UK and Ireland. Given the pace and scale of transformation in the energy system, the size and value of these projects mean that setting these targets is the best way for SSE to make a practical difference to nature.

Reporting on nature-related targets

SSE's three nature-related targets focus on protecting biodiversity and native woodland when working on onshore large capital projects. SSE is committed to transparency and accountability and will report annually on its nature related targets through its Sustainability Report, ensuring that stakeholders can engage with and understand its approach.

For in scope onshore large capital projects in the UK and Ireland:

'no net loss' in biodiversity
on those consented from 2023 onwards

'no net loss' of native woodland
on those consented from April 2024 onwards

'net gain' in biodiversity
on those consented from 2025 onwards

A plan for a just transition

Action

18. Publish an annual update on delivery of the Just Transition Strategy

Moving from principles to accountability
SSE became the first company globally to publish a Just Transition Strategy in 2020, focused on both 'transitioning out' of high-carbon activities while 'transitioning into' new or reformed activities with lower or reducing emissions. The strategy is based on 20 principles which sit under five pillars: good green jobs, consumer fairness, building and operating assets, people in high-carbon jobs and supporting communities.

From 2020 to 2023, SSE continued to evolve its approach by engaging with stakeholders and measuring its progress. In early 2024, SSE carried out a high-level review of its Just Transition Strategy driven by three main factors:

1. Stakeholder interest in the development of SSE's just transition Plans
2. Increasing focus on the need for a more place-based approach, aligning efforts with local needs and priorities
3. Recognition of the need for defined, quantitative metrics to allow progress to be measured over time

A basket of 10 KPIs tracks SSE's impact on workers, communities, and supply chains, and five actions were set out to help SSE build a better understanding of its impact on places. The strategy ensures that SSE will continue to deliver meaningful, long-term benefits to those most affected by the transition.

Reporting on progress
SSE is committed to transparency and accountability in delivering a just transition. It will report annually on its just transition commitments and actions through its Sustainability Report, ensuring that stakeholders can engage with and understand its approach. Additionally, progress against specific actions will be detailed in SSE's Net Zero Transition Report.

Fairness, inclusion, and opportunity remain at the heart of SSE's Just Transition Strategy. With the scale and pace of change accelerating, SSE is taking proactive steps to build accountability into every stage of the transition. This ensures benefits are widely shared while risks are carefully managed.

Figure 9: SSE's 20 Principle's for a Just Transition

SSE's 20 Principles for a Just Transition

Transitioning into net zero places			Transitioning out of high-carbon places	
SSE's principles for good, green jobs	**SSE's principles for consumer fairness**	**SSE's principles for building and operating assets**	**SSE's principles for people in high-carbon jobs**	**SSE's principles for supporting communities**
1. Guarantee fair and decent work	5. Consult and co-create with stakeholders	9. Set and monitor social safeguards	13. Re-purpose thermal generators for a net zero world	17. Deliver robust stakeholder consultation
2. Attract and grow talent	6. Factor-in whole-system costs and benefits	10. Support competitive national and local supply chains	14. Establish and maintain trust	18. Form partnerships across sectors
3. Value employee voice	7. Make transparent, evidence-based decisions	11. Share value with communities	15. Provide forward notice of change	19. Promote further industrial development
4. Deliver innovation through inclusion and diversity	8. Advocate for fairness	12. Implement responsible developer standards	16. Prioritise retraining and redeployment	20. Respect and record cultural heritage

Metrics

KPIs have been identified spanning all 18 actions of the Net Zero Transition Plan, as well as SSE's Just Transition Strategy Pillars. These KPIs will develop over time as we explore new ways to monitor and measure our impacts. Progress against these actions and KPIs will be disclosed annually in SSE's Net Zero Transition Report and Sustainability Report respectively.

Table 1: SSE's Net Zero Transition Plan KPIs

NZTP Action	KPI	Unit
Generation (Scope 1)		
1. Reduce emissions from unabated gas generation	Scope 1 thermal generation emissions	$MtCO_2e$
2. Develop new low-carbon flexible generation	Pipeline of low-carbon flexible generation projects	GW
3. Grow the renewable energy portfolio	Renewable generation capacity	GW
4. Transparent advocacy in favour of enhanced policy	Advocacy disclosure	Report
5. Explore options for neutralising residual emissions	Innovation projects	Number
Operations (Scope 1 and 2)		
6. Reduce electrical losses from SSEN Distribution	Scope 2 Distribution losses emissions	$MtCO_2e$
7. Reduce reliance on Scottish Island backup diesel generation	Scottish Island backup diesel generation output (GWh)	GWh
8. Reduce SSEN's leakage and reliance on SF_6	Sulphur hexafluoride (SF_6) leaks SF_6 installed	Kg
9. Switch vehicle fleet to electric	% of total fleet electric	%
10. Deliver a net zero property estate	Emissions from non-operational buildings	$MtCO_2e$
Value chain (Scope 3)		
11. Support customers to fuel switch and use less gas	Scope 3 gas sold emissions	$MtCO_2e$
12. Advocate for a pathway for decarbonised heat	Advocacy disclosure	Report
13. Work with joint ventures to deliver a net zero pathway	Number of joint ventures with a transition plan	Number
14. Collaborate with suppliers on net zero action	% of suppliers by spend with science-based targets	%
15. Work with suppliers to improve scope 3 reporting	% of suppliers by spend reporting emission	%
Climate adaptation & resilience		
16. Continuous review of adaptation plans at business unit level, whilst participating fully in national adaptation frameworks	Number of BUs with adaptation plans	Number
The natural environment		
17. Ensure all onshore large capital projects in the UK and Ireland incorporate SSE's nature-related targets	Number of in scope onshore large capital projects consented with 'net gain' biodiversity	Number
Just transition		
18. Publish an annual update on delivery of the Just Transition Strategy	Annual progress against Just Transition Strategy KPIs	Report

Table 2: SSE's Just Transition KPIs

KPI	Unit
PILLAR 1: Principles for good, green jobs	
1. Monitor trends in employee satisfaction across a range of measures through the Great Place to Work Survey including wellbeing, reward, safety, and inclusion[1]	%
2. Monitor annual increase in total SSE employee headcount[2]	Number
3. Employee diversity profile and 2030 targets: Gender[3] (33%), ethnicity (15%), disability (8%), and LGBTQIA+ (8%)	%
PILLAR 2: Principles for consumer fairness	
4. Transmission and Distribution only: achieve the advanced stage of the Accountability Stakeholder Engagement Maturity Ladder (AA1000SES)[4]	Rating
5. Distribution only: onboard 100% of local authorities who express an interest in Local Energy Net Zero Accelerator (LENZA) tool, supporting them to develop and deliver effective whole system and net zero initiatives	%
6. Transmission only[5]: Capital investment in the north of Scotland transmission system, and energy[6] entering the system	£m/TWh
PILLAR 3: Principles for building and operating assets	
7. Monitor trends by spend in % of tier 1 suppliers categorised as medium low/ medium high/ high risk for human rights[7]	%
8. Monitor trends in total supply chain spend	£bn
PILLAR 4: Principles for people in high carbon roles	
9. Monitor trends in the proportion of new recruits who have transitioned from high- to low-carbon roles	%
PILLAR 5: Principles for supporting communities	
10. Invest at least £10m per year into local and regional projects through community investment activities	£m

1 Metrics for work-life balance, reward, safety and inclusion and diversity are based on scores for specific survey questions which do not change from year to year: Work-life balance: I am able to balance my work and my personal responsibilities; Reward: Regarding my total compensation (fixed pay, bonus/incentive, benefits), I think I am paid fairly for the work I do; Safety: My manager sets the right example when it comes to safety, health and environment (SHE); Inclusion and Diversity: I can be myself at work without worrying about how I will be accepted by colleagues.
2 Headcount data includes a small number of employees outside of the UK and Ireland. Data excludes contingent and agency workers. It also excludes employee data for Enerveo Limited, which remains under strategic review with the Infrastructure Solutions component of Enerveo being held for sale during 2024/25.
3 Gender information is captured from legal documentation at employee onboarding and recorded in SSE's HR data system, which maintains a 100% completion rate. In instances where employees transitioned after joining, the gender field on the HR data system is changed, upon receipt of a formal employee request.
4 Most recent ratings results are from May 2024 for SSEN Distribution and from May 2025 for SSEN Transmission.
5 KPI previously stated as 'Cost to consumers of KWh transported'. Given the complexity of the GB energy system, it is challenging to identify a direct measure of the consumer cost of the transition. These data are the key components involved for electricity transmission, recognising network investment enables renewable energy growth. We continue to explore how to improve transparency on this measure.
6 As methodology used for reporting electrical losses.
7 2024/25 is SSE's first full financial year of using the Ecovadis platform as an independent tool to assess suppliers' human rights and labour risks. The risk ratings for this KPI have been revised to align with Ecovadis' methodology, therefore, the 2024/25 figures are not directly comparable with those reported in 2023/24.

Governance and accountability

Governing the Net Zero Transition Plan

Strong governance is fundamental to driving sustainability, ensuring accountability, and delivering on its strategic objectives. SSE's Net Zero Transition Plan is governed and approved by the Board, aligning with its role to set the company's purpose, vision, and strategy. As head of the Board, the Chair is responsible for providing the necessary information to maintain the Plan's clarity and relevance.

The implementation of the Plan is the responsibility of the Group Executive Committee (GEC). Through leadership of the GEC and as head of executive management, the Chief Executive retains ultimate responsibility for the management of climate-related initiatives under the Plan and in turn, driving progress. In support of this, the Chief Executive will agree the annual objectives and priorities for the Chief Sustainability Officer (CSO) who is a direct report. The CSO advises the Board, GEC, Group Risk Committee and Business Units on climate-related matters and the Net Zero Transition Plan.

The Board plans to table a resolution at the 2025 Annual General Meeting (AGM) that will establish a three-year cycle for voting on SSE's Net Zero Transition Report. Instead of an annual Net Zero Transition Report, progress against SSE's carbon targets and Net Zero Transition Plan will continue to be published yearly in SSE's Annual Report and Sustainability Report.

Accountability

Executive remuneration

To drive accountability at the highest level, sustainability-linked metrics are a core element of SSE's executive performance-related pay. The current Directors' Remuneration Policy, approved by the shareholders in 2022, has links to sustainability and climate for both short-term and long-term performance.

Performance Share Plan (PSP)

The Performance Share Plan (PSP) assesses performance against SSE's 2030 Goals and against the delivery of SSE's £17.5bn Net Zero Acceleration Programme Plus (NZAP Plus). 30% of the shares awarded under the PSP are linked to sustainability, 15% directly linked to progress against SSE's 2030 Goals, and 15% tied to the delivery of SSE's capital investment plan.

Annual Incentive Plan (AIP)

The AIP is directly linked to sustainability, with 10% of the award based on SSE's performance across three key ESG ratings. In addition to sustainability measures, operational measures based on capital delivery and operational performance are directly linked to the NZAP Plus delivery. For further details on embedding sustainability in Executive remuneration, see SSE's Sustainability Report at sse.com/sustainability/reporting.

These mechanisms reinforce SSE's commitment to sustainability-driven growth, aligning financial incentives with the company's long-term environmental and social impact objectives.

Robust reporting on progress

This Net Zero Transition Plan is designed to be an enduring document with any changes to timescales for goals and targets, and core assumptions used, being updated annually in the SSE Sustainability Report.

Both the Annual Report and the Sustainability Report will summarise the governance of the Net Zero Transition Plan and any updates on progress through the year. A core and important feature of the annual disclosure related to performance against the plan will include an assessment of SSE's transition pathway 'levers' for scope 1 and 2 emissions.

The Annual Report will also report the extent to which its climate risk reporting is consistent with the Task Force on Climate-related Financial Disclosures (TCFD). The totality of SSE's approach to the four TCFD recommendations – Governance, Strategy, Risk Management and Metrics and Targets – will also be presented in the Annual Report, with supplementary information provided in the Sustainability Report. To help stakeholders navigate the totality of disclosures relating its Net Zero Transition Plan, SSE will also provide a summary document.

SSE will report any updates to frameworks, or relevant methodologies on climate-related disclosures in its SSE's Sustainability Reporting Criteria document which is published with independent limited assurance annually.

Economic alignment with net zero

SSE is a champion of sustainable finance, and welcomes the development of a UK Green Taxonomy. A clear, science-based taxonomy that incorporates transitional activities and aligns with global standards will attract investment, support sustainable economic growth, and help the UK achieve its net zero ambitions.

In the absence of a UK Taxonomy, SSE voluntarily discloses alignment with the EU Taxonomy to support investor transparency and demonstrate its commitment to sustainable practices. Economic activities will only be considered taxonomy-aligned if they:

- Make a substantial contribution to one of six environmental criteria (climate change mitigation, climate change adaption, water, circular economy, pollution, and ecosystems);
- Do no significant harm to the other five criteria; and
- Comply with the minimum safeguards covering social and governance standards.

Details of SSE's alignment is published each year in the Annual Report.

Aligning engagement and communications with net zero

SSE actively and positively advocates for stronger climate policy to reach net zero and create a better environment for investing in renewables and electricity networks. Its lobbying and advocacy activity aligns with the Paris Agreement and SSE's own net zero goals.

SSE is transparent around its polices and advocacy. Each year, SSE reviews its trade association memberships to ensure their positions are aligned with its own climate principles. These are drawn from SSE's Climate Change Policy and aligned with the Paris Agreement. The results and any actions taken are published on **sse.com.**

Training

Ensuring the Board, senior leaders, and wider workforce are equipped with the necessary understanding of climate and sustainability issues is essential to effective oversight and strategic decision making. To support this, the Board's collective capabilities are continually assessed against defined criteria needed to set, challenge, and adapt strategy in response to the evolving complexities of SSE's operating environment.

Every year, the Board looks for opportunities to deepen its understanding of specialist topics, including climate, through dedicated training sessions, which are both internally and externally facilitated. Internal sessions are attended by a range of SSE senior leaders, allowing the Board to fully engage with subject matter experts and the talent pipeline. This ensures decision-making is informed by the latest developments in sustainability and regulatory requirements.

Further details of Board member's skills and training can be found in SSE's annual reports, see **sse.com**.

Appendix 1

Table 3 SSE's Net Zero Transition Plan alignment with the Transition Plan Taskforce (TPT) Framework

Ambition

TPT Element	TPT Sub-Element	Page
1. Foundations	1.1 Strategic ambition	05
	1.2 Business model and value chain	02
	1.3 Key assumptions and external factors	12

Action

TPT Element	TPT Sub-Element	Page
2. Implementation strategy	2.1 Business operations	13
	2.2 Products and services	14
	2.3 Policies and conditions	04
	2.4 Financial Planning	05
3. Engagement strategy	3.1 Engagement with the value chain	15
	3.2 Engagement with industry	09
	3.3 Engagement with government, public sectors, communities and civil society	11

Accountability

TPT Element	TPT Sub-Element	Page
4. Metrics and Targets	4.1 Governance, engagement, business and operational targets	20
	4.2 Financial metrics and targets	19
	4.3 GHG metrics and targets	05
	4.4 Carbon credits	05
5. Governance	5.1 Board oversight and reporting	20
	5.2 Management roles, responsibility and accountability	20
	5.3 Culture	20
	5.4 Incentives and remuneration	20
	5.5 Skills, competencies and training	20

Appendix 2

Figure 10: SSE's 2017/18 total GHG emissions by scope ($MtCO_2e$)

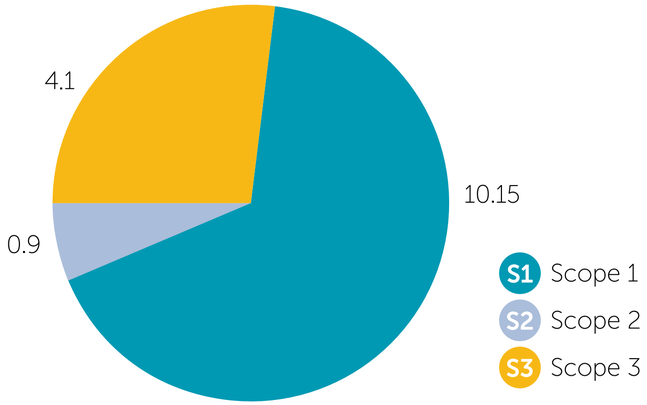


Figure 11: SSE's 2024/25 total GHG emissions by scope ($MtCO_2e$)

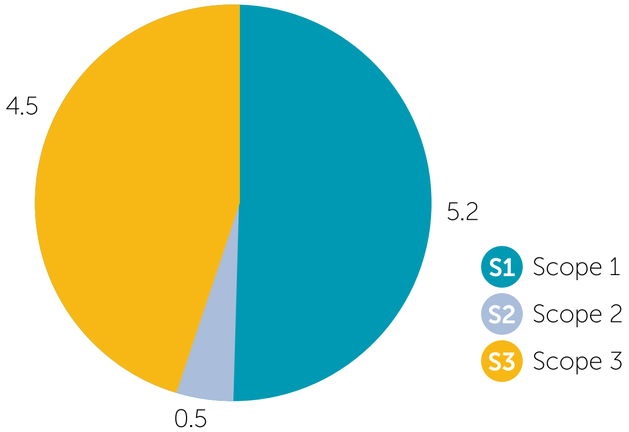
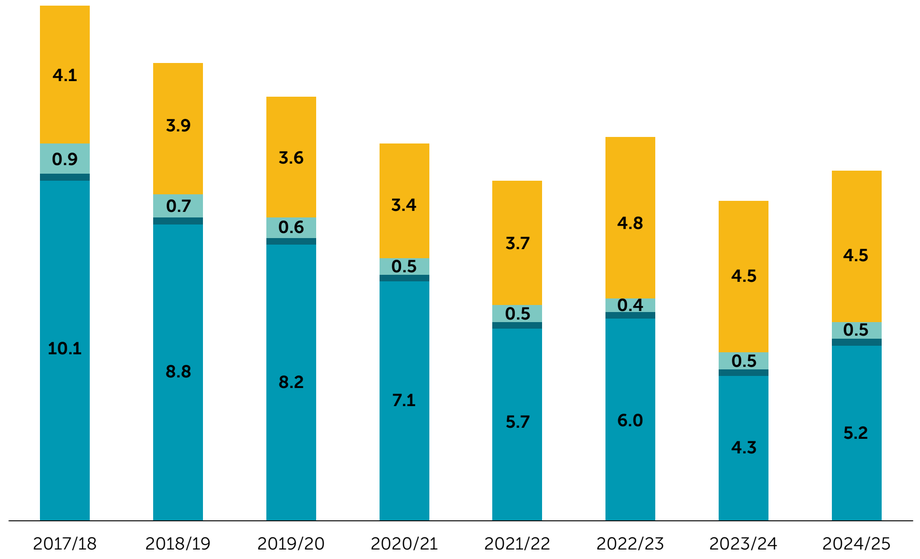


Figure 12: SSE's GHG emissions by scopes between 2017/18 and 2024/25 (million tonnes CO_2e)



- **Scope 3:** Gas sold (Category 11), Joint Venture investments (Category 15), well-to-tank emissions from raw fuels purchased (excluding gas sold) and transmission and distribution emissions from electricity used in non-operational and operational buildings (Category 3), SSEN Transmission network losses (Category 9), contractor vessels (Category 4), and business travel (Category 6)
- **Scope 2:** Electricity consumption in operational and non-operational buildings and SSEN Distribution network losses
- **Other scope 1:** Operational vehicles and fixed generation, sulphur hexafluoride and gas consumption in buildings
- **Scope 1:** Electricity generation carbon emissions

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